



Modimolle Local Municipality

2016/17 Tabled Medium Term Revenue and Expenditure Framework (MTREF)

Table of Contents

Part 1 – INTRODUCTION	10
Part 2 - ANNUAL BUDGET	11
1. MAYORS' REPORT.....	11
2. COUNCIL RESOLUTIONS.....	20
3. EXECUTIVE SUMMARY	22
1. Operating Revenue Framework.....	22
2. Operating expenditure framework	35
3. Cash flow	36
4. Capital expenditure	37
4. ANNUAL BUDGET TABLES	38
Table 14 MBRR Table A1 - Budget Summary.....	39
Table 15 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification).....	41
Table 16 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by43 municipal vote).....	43
Table 17 MBRR Table A4 - Budgeted Financial Performance.....	44
Table 18 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding.....	48
Table 19 MBRR Table A6 - Budgeted Financial Position.....	50
Table 20 MBRR Table A7 - Budgeted Cash Flows.....	52
Table 21 MBRR Table A8 - Cash Backed Reserves / Accumulated Surplus Reconciliation	52
Table 22 MBRR Table A9 - Asset Management.....	54
Table 23 MBRR Table A10 - Basic Service Delivery Measurement	58
Table 25 MBRR Table SA 2 - Matrix Financial Performance Budget (revenue source / expenditure type and dept.)	61
Table 26 MBRR Table SA 3 - Supporting detail to 'Budgeted Financial Position'	62
Table 27 MBRR Table SA 4 - Reconciliation of IDP strategic objectives and budget (revenue).....	63
Table 28 MBRR Table SA 5 - Reconciliation of IDP strategic objectives and budget (operating expenditure)	64
Table 29 MBRR Table SA 6 - Reconciliation of IDP strategic objectives and budget (capital expenditure)	65

Table 30 MBRR Table SA 7 Measureable performance objective.....	66
Table 31 MBRR Table SA 8 Performance indicators and benchmarks	67
Table 32 MBRR Table SA 9 - Social, economic and demographic statistics and assumptions	68
Table 33 MBRR Table SA 10 - Funding measurement	72
Table 34 MBRR Table SA11 - Property rates summary.....	73
Table 35 MBRR Table SA12 - Property Rates by Category	74
Table 36 MBRR Table SA 13 – ServiceTariffs by category	76
Table 37 MBRR Table SA 15 - Investment particulars by type.....	78
Table 38 MBRR Table SA16 - Investment particulars by maturity	79
Table 39 MBRR Table SA 17 – Borrowing.....	80
Table 40 MBRR Table SA 18 - Transfers and grant receipts	81
Table 41 MBRR Table SA 19 - Expenditure on transfers and grant programme	82
Table 42 MBRR Table SA 20 - Reconciliation of transfers, grant receipts and unspent funds.....	83
Table 43 MBRR Table SA21 - Transfers and grants made by the municipality	84
Table 44 MBRR Table SA 22 - Summary councillor and staff benefits	85
Table 45 MBRR Table SA 23 - Salaries, allowances & benefits (political office bearers/ .. councilors/senior managers.....	86
Table 46 MBRR Table SA 24 - Summary of personnel numbers.....	87
Table 47 MBRR Table SA25 - Budgeted monthly revenue and expenditure	88
Table 48 MBRR Table SA 26 - Budgeted monthly revenue and expenditure (municipal vote).....	89
Table 49 MBRR Table SA 27 - Budgeted monthly revenue and expenditure (standard classification).....	90
Table 50 MBRR Table SA28 - Budgeted monthly capital expenditure (municipal vote)	91
Table 51 MBRR Table SA 29 - Budgeted monthly capital expenditure (standard classification).....	92
Table 52 MBRR Table SA30 - Budgeted monthly cash flow	93
Table 53 MBRR Table SA32 – List of external mechanisms.....	94
Table 54 MBRR Table SA33 – Contracts having future budgetary implications	95
Table 56 MBRR Table SA 34b - Capital expenditure on the renewal of existing assets by asset class.....	97
Table 57 MBRR Table SA34c - Repair and maintenance expenditure by asset class.....	98

Table 58 MBRR Table SA 34d – Depreciation by asset class.....	99
Table 59 MBRR Table SA 35 - Future financial implications of the Capital budget.....	100
Part 3 – SUPPORTING DOCUMENTS	105
1. OVERVIEW OF THE ANNUAL BUDGET PROCESS.....	105
2. OVERVIEW OF ALIGNMENT OF BUDGET WITH INTEGRATED DEVELOPMENT PLAN	106
3. MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS	106
4. DRINKING WATER QUALITY AND WASTE WATER MANAGEMENT	107
5. OVERVIEW OF BUDGET RELATED POLICIES	107
6. OVERVIEW OF BUDGET ASSUMPTIONS.....	108
7. OVERVIEW OF BUDGET FUNDING	109
8. EXPENDITURE ON ALLOCATIONS FOR PROVISIONS	110
9. ALLOCATIONS AND GRANTS MADE BY THE MUNICIPALITY.....	110
10. COUNCILLORS ALLOWANCES AND EMPLOYEE BENEFITS	111
11. MONTHLY TARGETS FOR REVENUE, EXPENDITURE AND CASH FLOW.....	111
12. ANNUAL BUDGETS AND SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLANS.....	111
13. CONTRACTS HAVING FUTURE BUDGETARY IMPLICATIONS	112
14. CAPITAL EXPENDITURE DETAILS FOR 2015/16	112
15. LEGISLATION COMPLIANCE DETAILS	115
16. QUALITY CERTIFICATION.....	116
Part 4 – ANNEXURES	117
Annexure A: Tariff for Electricity	117
Annexure B: Tariff for Supply of Water.....	118
Annexure C: Tariff for Refuse Removal	119
Annexure D: Tariff for Sanitation.....	121
Annexure E: Tariff for Property Rates.....	122
Annexure F: Supporting Charts.....	123
Annexure G: Integrated Development Plan	129
Annexure H: Sundry Tariffs.....	130
Annexure I: Budget Related Policies.....	135
1. POLICY ON DEBT COLLECTION AND CREDIT CONTROL	135
2. VIREMENT POLICY.....	151



3. INVESTMENT POLICY	157
4. ASSET MANAGEMENT	164
5. INDIGENT POLICY	170
6. TRAVELING ALLOWANCE POLICY	173
7. RATES POLICY	185
8. PETTY CASH POLICY	204

List of Tables

Table 1 Consolidated Overview of the 2015/16 MTREF	22
Table 2 Summary of revenue classified by main revenue source.....	23
Table 3 Percentage growth in revenue by main revenue source	23
Table 4 Operating Transfers and Grant Receipts	25
Table 5 Comparison of proposed rates to be levied for the 2015/16 financial year.....	27
Table 6 Proposed Water Tariffs.....	28
Table 7 Comparison between current water charges and increases (Domestic)	29
Table 8 Comparison between current electricity charges and Proposed (Domestic) ...	31
Table 9 Comparison between current sanitation charges and increases	32
Table 10 Comparison between current waste removal fees and increases	33
Table 11 MBRR Table 14 - Household bills	34
Table 12 Summary of operating expenditure by standard classification item.....	35
Table 13 2014/15 Medium-term capital budget per vote.....	37
Table 14 MBRR Table A1 - Budget Summary	39
Table 15 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)	41
Table 16 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by	43
Table 17 MBRR Table A4 - Budgeted Financial Performance.....	44
Table 18 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding	48
Table 19 MBRR Table A6 - Budgeted Financial Position	50
Table 20 MBRR Table A7 - Budgeted Cash Flows	52
Table 21 MBRR Table A8 - Cash Backed Reserves / Accumulated Surplus Reconciliation	52

Table 22 MBRR Table A9 - Asset Management.....	54
Table 23 MBRR Table A10 - Basic Service Delivery Measurement	58
Table 24MBRR Table SA 1 - Supporting detail to 'Budgeted Financial Performance	59
Table 25 MBRR Table SA 2 - Matrix Financial Performance Budget (revenue source/expenditure type and dept.)	61
Table 26 MBRR Table SA 3 - Supporting detail to 'Budgeted Financial Position'.....	62
Table 27 MBRR Table SA 4 - Reconciliation of IDP statagic objectives and budget (revenue)	63
Table 28 MBRR Table SA 5 - Reconciliation of IDP statagic objectives and budget (operating expenditure).....	64
Table 29 MBRR Table SA 6 - Reconciliation of IDP statagic objectives and budget (capital expenditure).....	65
Table 30 MBRR Table SA 7 Measureble performance objective	66
Table 31 MBRR Table SA 8 Performance indicators and benchmarks	67
Table 32 MBRR Table SA 9 - Social, economic and demographic statistics and assumptions	68
Table 33 MBRR Table SA 10 - Funding measurement.....	72
Table 34 MBRR Table SA11 - Property rates summary	73
Table 35 MBRR Table SA12 - Property Rates by Category	74
Table 36 MBRR Table SA 13 – ServiceTariffs by category.....	76
Table 37 MBRR Table SA 15 - Investment particulars by type	78
Table 38 MBRR Table SA16 - Investment particulars by maturity.....	79
Table 39 MBRR Table SA 17 – Borrowing	80
Table 40 MBRR Table SA 18 - Transfers and grant receipts.....	81
Table 41 MBRR Table SA 19 - Expenditure on transfers and grant programme.....	82
Table 42 MBRR Table SA 20 - Reconciliation of transfers, grant receipts and unspent funds.....	83

Table 43 MBRR Table SA21 - Transfers and grants made by the municipality	84
Table 44 MBRR Table SA 22 - Summary councillor and staff benefits	85
Table 45 MBRR Table SA 23 - Salaries, allowances & benefits (political office bearers/86	
Table 46 MBRR Table SA 24 - Summary of personnel numbers	87
Table 47 MBRR Table SA25 - Budgeted monthly revenue and expenditure	88
Table 48 MBRR Table SA 26 - Budgeted monthly revenue and expenditure (municipal vote).....	89
Table 49 MBRR Table SA 27 - Budgeted monthly revenue and expenditure (standard classification).....	90
Table 50 MBRR Table SA28 - Budgeted monthly capital expenditure (municipal vote).91	
Table 51 MBRR Table SA 29 - Budgeted monthly capital expenditure (standard classification).....	92
Table 52 MBRR Table SA30 - Budgeted monthly cash flow	93
Table 53 MBRR Table SA32 – List of external mechanisms	94
Table 54 MBRR Table SA33 – Contracts having future budgetary implications.....	95
Table 55 MBRR Table SA 34a - Capital expenditure on new assets by asset class	96
Table 56 MBRR Table SA 34b - Capital expenditure on the renewal of existing assets by asset class	97
Table 57 MBRR Table SA34c - Repair and maintenance expenditure by asset class	98
Table 58 MBRR Table SA 34d – Depreciation by asset class	99
Table 59 MBRR Table SA 35 - Future financial implications of the Capital budget	100
Table 60 MBRR Table SA 36 - Detailed capital budget	101
Table 61 - Summary of key deadlines in the budget and IDP process.....	106
Table 62 - Budget assumptions.....	109
Table 63 - Grant allocations over the MTREF.....	110
Table 64: Electricity tariffs.....	117

Table 65: Refuse Removal	119
Table 66: Sanitation Tariffs.....	121
Table 67: Property Rates.....	122

List of Figures

Figure 1 Expenditure by major type	45
Figure 2 Expenditure by minor type	46
Figure 3 Capital by standard classification	56
Figure 4 Capital Funding by Source.....	57

Part 1 – INTRODUCTION

The Vision statement of Modimolle Local Municipality:

“The eco-tourism destination of choice”

The Mission statement:

“To provide sustainable affordable services to the community of Modimolle through efficient administration of resources”

Municipal core values:

Modimolle Local Municipality is committed to the following core values:

Integrity: Always striving to have courtesy, dignity and honest dealings

Services Excellence: Provision of first class services which reflect value for money

Consultation: Consult with community and other stakeholders on decision making

Commitment: Committed to pledge

Transparency: Openness in dealing with the community and giving necessary information

Municipal Budgeting

Financial plans have separate budgets for operations and capital investments. This ensures that municipalities do not finance their operational expenses by obtaining loans, but rather helps them to be financially viable.

Operating Budget

This part of the budget shows how much money is spent on running the administration and delivering the day-to-day services including the maintenance of existing assets and infrastructure. It shows where this money comes from (sources of revenue). This income may be from rates and taxes, service charges and inter –governmental transfers.

Capital Budget

This part of the budget shows how much money local government is planning to invest in infrastructure or other capital assets. Municipalities have to know how much will be spent on this item each year, and where the money for this spending will come from. This part of the budget is called the **capital budget** because it is used for new physical development, or infrastructure investment.

The MFMA requires municipalities to prepare balanced budgets. This means that they have to make reasonable estimates of income and match it to anticipated expenditure.

Part 2 - ANNUAL BUDGET

1. MAYORS' REPORT

Honourable Speaker
Councillors
Municipal Manager
Ward Committee Members
Our stakeholders present here today
Media House present
Ladies and Gentleman

Mister Speaker

It is indeed a privilege to address council regarding the 2016/2017 budget speech. I believe this budget will be credible and met the needs community looking at the outer years. During our term in office we have been able to address the service delivery backlogs. We are grateful that we have carried the baton that where handed to us by our predecessor.

The budget that we are tabling today clearly spells out our vision over the new budget cycle. Our plans are specific, measurable, achievable, and realistic and time bound.

We are all aware that Municipal Demarcation Board has re-determined Municipal boundaries for the 2016 Local Government Elections. Modimolle and Mookgophong municipalities will be amalgamated as of 3 August 2016 Local Government Elections. The process of considering this amalgamation was finalised in 2015.

The implication for the amalgamation of the two municipalities will be as follows:

- The demarcation change are only effective from the date of the local elections, therefore each existing municipality must compile an individual budget for 2016/2017 MTEF.
- The individual budgets will be consolidated for newly demarcated municipality after the local government elections guided by the new allocations that are published in the 2016 (DORA-Division of Revenue Act).
- In order to ensure a successful consolidation of budget after the election, the merging municipalities started work as a team on the planning and technical processes; and
- During the period between the date of the election and the start of the new municipal financial year in July 2016, the current arrangement for the payment of staff and creditors are to be maintained. We are reporting that all the established committees are overseeing the joint planning and processes of the new established municipality.
- A new integrated IDP for the new municipality has to be presented to the new Council.

Speaker, the 2016/17 Budget is the culmination of our best efforts to arrive at a fair and just distribution of the limited resources at our disposal within what is described by all as a severely constrained fiscal environment. We have witnessed the market reaction in our country for the past years.

The economic outlook of the South Africans growth rates of below 1 percent fall short of what we need to create employment and reduce poverty and inequality. The treasury currently expects growth in the South African economy to be just 0.9 percent this year, and thereafter 1.3 percent in 2017. This reflects both depressed global conditions and the impact of the drought. Our economy is not growing fast enough to raise employment or improve average incomes. As former Minister Nene put in his October Medium Term Budget Policy statement address “If we do not achieve growth, revenue will not increase. If revenue does not increase, expenditure cannot be expanded.”

This means as a municipality, we must address institutional and regulatory barriers to business investment and growth.

Speaker, the past month we have experienced service delivery interruption and protest. There was a time that this municipality has been without electricity and water for more than 5(five) days, of which is unacceptable. Service delivery is our co-mandate that as a municipality we must provide.

This budget demonstrates the positive achievement of the past and continues to set a firm basis for optimism about the future of our municipality. The budget is grounded in the reality of a municipality that is growing and give more confidence in its ability to meet the needs of our communities. As such the accounting officer must always liaise with the office of the mayor to communicate service delivery issues that need immediate attention.

Community Needs,

Speaker,

When we craft this budget it was solely on the interaction we made during Public Participation process with our community. IDP/Budget 2016/17 road shows were held where communities have raised their needs and challenges. We took note of the challenges and would like to acknowledge ourselves that much need to be done. We have strengthened public participation to ensure that all communities participate in municipal programmes and activities. Community must know that the budget presented here today can't cover all community needs in one cycle.

Needs of the community are as follows:

- Provision of portable water
- Land and Human Settlement
- Maintenance of streets
- Storm water Drainage
- Land Fill site relocation
- Need of the Wi-Fi infrastructure systems
- Need of solar geysers
- Youth Employment
- Roads Upgrade
- Recreation facilities
- Provision of yellow bins for waste removal
- Water systems to be upgraded around town
- Electricity upgrade around town

- Apprehension about the budget as proposed

Working together we have built a better communities and better local government.

Speaker, our service delivery report can attest that service delivery backlogs are being achieved.

Fellow councillors, we will reflect the success and the shortfalls of the services delivery:-

COMPLETED PROJECTS

- Modimolle market stalls
- Modimolle waste water treatment works
- Joe Slovo low level bridge
- Mabatlane sewer reticulation network
- Mabaleng High mast light
- Mabatlane high mast light
- Phagameng Ext. 11 sewer reticulation
- Mabatlane Sewer Reticulation Plan
- Upgrade of Donkerpoort Dam
- Mabatlane Ext. 4 Paving of roads
- Phagameng Street and Storm water
- Development of Modimolle Parks
- Electrification in Mabatlane and Phagameng

We would like to assure residents and other stakeholders that while we are able to address some of the requests, the municipality remains committed to keep the inputs that could not be covered for the future years.

Speaker, today we present for approval a total annual budget of R 455,9 million for the 2016/17 financial year. This is made up of R 382,6 million operating expenditure and R73,2 million for capital expenditure.

Grants from provincial and national government and service receipts remain the key source of funding for the municipal capital expenditure.

Total operating revenue has grown by 3 percent or R 9 million for the financial year compared to 2015/16 Adjustments Budget. Operating Revenue will increase by 6 and 7 percent respectively to a total revenue growth of R42.2 million over the MTREF when compared to the 2016/17 financial year.

Total operating expenditure for 2016/17 financial year has been appropriated at R382.6 million and translates into a budgeted deficit of R89.6 million. When compared to the 2015/16 adjustment budget operational expenditure has gone up by 6.3 percent in the 2016/17 budget and grown by 6 and 6.3 percent for each of the respective outer years of the MTREF.

The Capital Budget of R73.2 million for 2016/17 is 16 percent more when compared to the 2015/16 adjustment budget. The increase is due to an increase in appropriations on capital allocations. The capital programme increase to R84 million in the 2018/19 financial year. The capital budget for the financial year 2016/17 will be funded from government grants.

Mister Speaker,

Credits are due for a 100 percent spend on the Municipal Infrastructure Grants (MIG) for 2015/2016 financial year.

We were one of the Municipalities which received accolades from the Premier on the MIG spending. (Well done).

This achievement even went on to earn us an additional of R30 million in Grant and we are looking forward to utilizing the funds effectively and in time in the coming year.

Local Government is in your hand,

Electricity:

The percentage of households that are connected to the electricity supply increased from 69.7 percent in 2001 to 86 percent in 2014. We have electrified households in Modimolle, Mabatlane and Mabaleng. This amounted to over 860 households benefited from electricity from last financial year, a total of 3130 households benefited from indigent support system for electricity.

We acknowledge as a Municipality that on several occasions we have electricity breakdowns of which we worked tirelessly to get to improve substation operation. The ageing infrastructure of the main station caused cables damage between the municipality and Eskom side.

As the municipality we are having the long term objectives to stop the recurring breakdowns.

- We have engaged the Department of Energy to build a new substation
- We have to refurbish the substation and internal reticulation.
- We have serviced all the SBV4 switchgears (panels)
- Replaced the 300mm cables with 630mm cables.

Water:

We are the water service Authority Municipality as well as water service provider. Significant progress has been made in increasing the number of household, with access to water, however more needs to be done as the provisioning of water supply is not adequate in other areas like Mabatlane, Ext. 8 and 9 Phagameng and Mandela areas.

Households receiving basic water services increases as currently we are connecting Ext 3 Mabatlane and Fumani areas and Ext 11 in Phagameng. A total of 1313 households will receive water. We are bringing water facilities and water closer to the communities.

We had to admit we have new settlement and new development around our municipality. The supply of water will be affected in one way or another. The current demand of water in

Modimolle/Phagameng is at 12-15mld (mega litre day). Currently we are below the par at 12-13mld (mega litre day). The water level at Donkerpoort Dam is at 32%. The Magalies Water Board does not meet our present demand as per correct quota.

Mister Speaker,

We have to acknowledge the contribution done by the Premier of Limpopo, Mr Stan Mathabatha about water situation in our municipality. We also appreciate the contribution of the Department of Water and Sanitation, Waterberg District Municipality and Magalies Water Board for their intervention.

We have improved water quality at Donkerpoort Dam Plant. We have increased water supply through boreholes and we drilled and re-drilled boreholes at Ext 5, 8 and 10. We have equipped two boreholes and connected to the reticulation network at Koro Creek and four (4) boreholes at Drie hekke were equipped and connected on the system.

Our long Term solutions are as follows:

- Raise the dam wall and the overflows
- Increase the pipe(s) size A the inlet raw and final outlet from Dam to Town.
- Construct and additional reservoirs

We however remain concerned about the continuing drought situation in the country which negatively affects our ability to provide water consistently. We have to resort to rationing of water in our attempt to cope with water shortage.

Water is life, sanitation is dignity.

The ANC Government increased access to basic sanitation services to the total household of 1 313.

The completion of the Modimolle Waste Water Treatment Works is a major milestone in the improvement of sanitation in both town and the township.

Refuse removal:

As the municipality, we are able to collect refuse from all sections of the municipality, however much need to be done as illegal dumping is still a challenge.

We are pleading with the community of Modimolle, especially those who are at Ext. 10 to be patient as the process of relocation of Landfill site is underway. Although at snail pace we are working hard to alleviate the situation by the establishment of a new landfill site.

Human settlement:

The ANC-led government has made strides in providing shelter to millions of our people. This municipality has co-ordinated the provision of about 1 250 subsidised housing opportunities and currently we are building about 600 houses in areas of Ext. 11, Fumani area, Ext. 3 in Mabatlane. We have alleviated the social and economic living conditions of many struggling families in the country.

Fraud and corruption:

We have committed to fight fraud and corruption in the municipality. We are pleased with how community is reporting issues of fraud and corruption and how the SAPS and the judiciary are responding to them. A total of 6 (six) municipal official are under investigation and appearing in disciplinary procedures. Some of the fraud and corruption cases are still under investigations.

Local economy and job creation

We acknowledge that unemployment rate in South Africa increased to 26.7 percent which also affect part of the unemployed youth. The government programme of CWP (Community Work Programme), EPWP (Expanded Public Works Programme) has assisted much on employment although was on contract period. As the municipality much needs to be done on the creation of jobs. We should strengthen structures of development planning and we should develop special programmes targeting youth cooperatives and enterprises. We should promote local procurement of goods and services to increase local production.

Tariffs:

Speaker,

The municipality annually reviews its tariffs to ascertain whether they are still capable of producing the required revenue envelope, taking into account a number of internal and external factors. When we draft the budget we have looked into social factors and also the affordability of services within the context of the macro-economic environment.

Electricity

The proposed average tariff increase for electricity is 12% in line with the NERSA/ESKOM proposed tariff increase. The municipality applies a stepped tariff structures which is the less electricity consumers use the less they pay.

Property rates

Property rates tariff increases by 8%.

We highlight the following on the property rate policy:

- The first R15 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17(h) of the MPRA);
- 20 percent rebate will be granted on all residential properties (including state owned residential properties);
- 100 percent rebate will be granted to registered indigents in terms of the Indigent Policy;
- For pensioners, physically and mentally disabled persons, a maximum/total rebate of 40 percent will be granted to owners of rate-able property if the total gross Income of the

applicant and/or his/her spouse, if any, does not to exceed the amount equal to R5 700.00 per month.

In this regard the following stipulations are relevant:

- The rate-able property concerned must be occupied only by the applicant and his/her spouse, if any, and by dependents without income;
- The applicant must submit proof of his/her age and identity and, in the case of a physically or mentally handicapped person, proof of certification by a Medical Officer of Health, also proof of the annual income from a social pension;
- The applicant's account must be paid in full, or if not, an arrangement to pay the debt should be in place; and
- The property must be categorized as residential.

The municipality is proposing a tariff increase for Residential and Agricultural categories of properties.

Business property rates tariffs will not increase in the 2016/17 financial year; this is due to previous request in previous budget years from the business community on the difference between the residential and business categories tariffs.

Water and Sanitation

A tariff increase of 8 to 10 percent for Modimolle/Phagameng and 11% to 14% for Vaalwater/Alma from 1 July 2016 for water is proposed.

The setting of our water tariff is also determined by the need to ensure the conservation of the scarce natural resource.

Waste removal services

Due to this service running at a loss the municipality have made changes to the structures of the tariffs in the 2015/16 financial year.

For the 2016/17 financial year the municipality will increase refuse removal services by 10% for domestic businesses and commercial customers.

Free basic services

Speaker, the municipality is committed to relief our consumers especially those who can't afford and fall within the category of the indigents and our older person:

The council has resolved per council item that all legible indigent must apply for indigent grant and all outstanding debt be removed. However the council will also look at the categories like middle income on how to resolve the outstanding debts.

- The first R15 000 of the market value of a property used for residential purpose is excluded from the rate-able value.
- 100 percent rebate will be granted to registered indigent in terms of the indigent policy.
- All qualifying indigent will receive 6kl free water every month.

- Municipality will provide 50klw electricity for qualified indigent.
- The registration of indigent is on-going hence the final indigent register will be provided in due course

We want to emphasise that indigents consumers will not be liable to pay for municipal services except where they exceed the free basic services provided by council.

NB: Indigents are encouraged to monitor their account month to month to avoid being indebted.

In Conclusion

Community members of various wards spoke during our IDP/Budget road shows over the past weeks and we have done our best aligning your needs with projects.

- In Ward 4&8, you raised concerns about quality and shortage of water. I am pleased to say that the budget contains an allocation for the provisioning water. An amount of R6, 052 300.00 is allocated from the MWIG (Municipal Water Infrastructure grant. However drought pose a serious water challenge
- In Ward 1, 8 and 3, you raised concerns about the slate of the street in other parts of Vaalwater Town. I am pleased to say that a budget of R1, 923 210.00 is allocated to pave the street of Vaalwater/Mabatlane.
- The Business Community have raised concern about the electricity breakdown. I am pleased to say that an amount of R4, 000 000.00 (R4 million) is budgeted for building of Modimolle New Substation which will be a multi-year project.
- Youth Organisation in Mabatlane raised concern about the youth issue and also advice council to come up with strategy to deal away with Alcohol and Drug Abuse. Different community forum must have a session to develop tangible strategy to deal with alcohol drug abuse and rape.

An amount of R4, 833 300.00 (R4 million) is budgeted for the development of Leseding sports facility. However the community must help in keeping this facility tidy and operational.

- Community of Ext. 10, you raised a concern about the state of the Landfill site. We budgeted an amount of R4, 200 000.00 (R4 million) for the establishment of Landfill site. LEDET has already started engaging stakeholders in trying to finalise the applications

Mister Speaker,

We are presenting this Budget of 2016/17 with all budget related policies for council to approve.

That the 2016/2017 IDP of the Municipality be approve and the 2016/2017 Budget of the municipality along with the following budget related policies:

1. Policy on debt collection and credit control

2. Virement policy
3. Investment policy
4. Asset management
5. Indigent policy
6. Traveling allowance policy
7. Rates policy
8. Petty cash policy
9. Supply chain management policy

That the applicable By-Laws be approved and amended accordingly for promulgation.

I think it will not be proper not to talk about the next coming local elections that will usher in councillors which will steer and implement this budget. I therefore would like to encourage all registered voters to go out in their numbers on the 03rd of August 2016 to exercise the right to vote who they want to empower to do an oversight on their behalf.

Community members must be patient on their representatives and refrain from vandalising properties, let's keep the line of engagement open at all cost. I think it will be proper to thank current councillors for providing correct leadership and make sure that projects are implemented in time.

To all officials and management let's make sure that this budget is implemented to provide quality services to all community.

Working together we can do more.

I thank you.

2. COUNCIL RESOLUTIONS

1. The Council of Modimolle Local Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) proposed:
 - 1.1. The budget of the municipality for the financial year 2016/17 and the multi-year and single-year capital appropriations as set out in the following tables:
 - 1.1.1. Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Table 15 on page 41;
 - 1.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table 16 on page 43;
 - 1.1.3. Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Table 17 on page 44; and
 - 1.1.4. Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Table 18 on page 48.
 - 1.2. The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:
 - 1.2.1. Budgeted Financial Position as contained in Table 19 on page 50;
 - 1.2.2. Budgeted Cash Flows as contained in Table 20 on page 52;
 - 1.2.3. Cash backed reserves and accumulated surplus reconciliation as contained in Table 21 on page 52;
 - 1.2.4. Asset management as contained in Table 22 on page 54; and
 - 1.2.5. Basic service delivery measurement as contained in Table 23 on page 58.
2. The Council of Modimolle Local Municipality, acting in terms of 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) propose:
 - 2.1. The tariffs for electricity – as set out in Annexure A
 - 2.2. The tariffs for the supply of water – as set out in Annexure B
 - 2.3. The tariffs for the refuse removal – as set out in Annexure C
 - 2.4. The tariffs for the sanitation – as set out in Annexure D
 - 2.5. The tariffs for the property rates – as set out in Annexure E
3. The Council of Modimolle Local Municipality, acting in terms of 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) propose to approve and adopts with effect from 1 July 2016 the tariffs for other services, as set out in Annexure H

4. The Council of Modimolle Local Municipality propose to approve and adopts with effect from 1 July 2016 the following:
 - 4.1. Interest at the rate of 12,65% per annum on all accounts in arrears.
 - 4.2. Defaulters will be liable to legal proceedings for the recovery of arrear amounts.
5. The Council of Modimolle Local Municipality propose to approve and adopts with effect from 1 July 2016 the following free basic services for Indigent consumers per 30-day period:
 - 5.1. 50 kwh of electricity
 - 5.2. 6kl water
 - 5.3. free refuse removal
 - 5.4. sewerage
 - 5.5. property rates.

Indigent consumers will not be liable to pay for municipal services except where they exceed the free basic services provided for by Council.
6. The Council of Modimolle Local Municipality approves and adopts the following budget related policies:
 - 6.1. Policy of debt collection and credit control
 - 6.2. Virement Policy
 - 6.3. Investment Policy
 - 6.4. Asset Management Policy
 - 6.5. Indigent Policy
 - 6.6. Travelling allowance Policy
 - 6.7. Rates Policy
 - 6.8. Petty Cash Policy
 - 6.9. Supply Chain Management Policy

3. **EXECUTIVE SUMMARY**

The application of sound financial management principles for the compilation of the Municipalities financial plan is essential and critical to ensure that the Municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The following table is a consolidated overview of the proposed 2016/17 Medium-term Revenue and Expenditure Framework:

Table 1 Consolidated Overview of the 2016/17 MTREF

Description R thousands	Adjusted Budget 2015/16	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Total Operating Revenue	283 897	293 205	312 385	335 433
Total Operating Expenditure	359 954	382 634	405 490	430 999
<i>Surplus/(Deficit) for the year</i>	-76 057	-89 429	-93 105	-95 566
Total Capital Expenditure	62 969	73 218	82 020	84 088

Total operating revenue has grown by 3 percent or R9 million for the financial year when compared to the 2015/16 Adjustment Budget. For the two outer years, operational revenue will increase by 6 and 7 percent respectively, equating to a total revenue growth of R42.2 million over the MTREF when compared to the 2016/17 financial year.

Total operating expenditure for the 2016/17 financial year has been appropriated at R382.6 million and translates into a budgeted deficit of R89.4 million. When compared to the 2015/16 Adjustments Budget, operational expenditure has gone up by 6 percent in the 2016/17 budget and grown by 6 and 6.3 percent for each of the respective outer years of the MTREF.

The capital budget of R73.2 million for 2016/17 is 16 percent more when compared to the 2015/16 Adjustment Budget. The increase is due to an increase in appropriations on capital allocations. The capital programme increases to R84 million in the 2018/19 financial year. The capital budget for the financial year 2016/17 will be funded from government grants.

1. **Operating Revenue Framework**

The following table is a summary of the 2016/17 MTREF (classified by main revenue source):

Table 2 Summary of revenue classified by main revenue source

Description R thousand	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Revenue By Source									
Property rates	19 427	27 774	30 372	31 800	30 330	30 330	31 935	33 851	35 881
Property rates - penalties & collection charges									
Service charges - electricity revenue	70 474	78 217	79 783	97 596	99 996	99 996	107 970	118 253	127 641
Service charges - water revenue	24 858	27 616	35 981	41 250	41 250	41 250	46 660	50 333	54 299
Service charges - sanitation revenue	8 351	10 680	10 918	11 660	11 760	11 760	12 710	13 695	14 826
Service charges - refuse revenue	5 384	6 256	6 853	9 804	7 804	7 804	11 400	12 340	13 082
Service charges - other									
Rental of facilities and equipment	173	558	190	233	313	313	322	329	332
Interest earned - external investments	2 528	2 712	1 769	2 212	600	600	600	650	700
Interest earned - outstanding debtors	7 459	9 692	9 201	9 328	12 628	12 628	13 891	14 720	15 603
Dividends received									
Fines	96	103	108	801	101	101	100	120	140
Licences and permits									
Agency services	3 907	2 421	3 941	3 700	3 700	3 700	3 900	4 000	4 200
Transfers recognised - operational	62 428	62 232	64 016	65 122	65 122	65 122	56 898	56 837	60 984
Other revenue	5 321	7 636	7 903	6 973	10 293	10 293	6 819	7 257	7 745
Gains on disposal of PPE	111		2						
Total Revenue (excluding capital transfers and contributions)	210 515	235 897	251 037	280 479	283 897	283 897	293 205	312 385	335 433

Table 3 Percentage growth in revenue by main revenue source

Description R thousand	Current year 2015/16		2016/17 Medium Term Revenue & Expenditure Framework					
	Adjusted Budget	%	Budget Year 2016/17	%	Budget Year 2017/18	%	Budget Year 2018/19	%
Revenue By Source								
Property rates	30 330	11%	31 935	11%	33 851	12%	35 881	13%
Service charges - electricity revenue	99 996	35%	107 970	38%	118 253	42%	127 641	45%
Service charges - water revenue	41 250	15%	46 660	16%	50 333	18%	54 299	19%
Service charges - sanitation revenue	11 760	4%	12 710	4%	13 695	5%	14 826	5%
Service charges - refuse revenue	7 804	3%	11 400	4%	12 340	4%	13 082	5%
Rental of facilities and equipment	313	0%	322	0%	329	0%	332	0%
Interest earned - external investments	600	0%	600	0%	650	0%	700	0%
Interest earned - outstanding debtors	12 628	4%	13 891	5%	14 720	5%	15 603	5%
Fines	101	0%	100	0%	120	0%	140	0%
Agency services	3 700	1%	3 900	1%	4 000	1%	4 200	1%
Transfers recognised - operational	65 122	23%	56 898	20%	56 837	20%	60 984	21%
Other revenue	10 293	4%	6 819	2%	7 257	3%	7 745	3%
Total Revenue (excluding capital transfers and contributions)	283 897	100%	293 205	100%	312 385	100%	335 433	100%
Total Revenue from rates and service charges	191 140	67%	210 675	72%	228 472	73%	245 729	73%

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

Revenue generated from rates and services charges forms a significant percentage of the revenue basket for the Municipality. Rates and service charge revenues comprise more than 60% of the total revenue mix. In the 2015/16 financial year, revenue from rates and services charges totaled R191.1 million or 67 percent. This increases to R210.7 million, R228.5 million and R245.7 million in the respective financial years of the MTREF.

A notable trend is the increase in the total percentage revenue generated from rates and services charges which increases from 67 percent in 2015/16 to 73 percent in 2018/19. This growth can be mainly attributed to the increased share that the sale of water contributes to the total revenue mix, which in turn is due to rapid increases in the water tariffs as influenced by bulk water charges.

The Property Rates increase from R30 million to R31.9 million in the 2016/17 financial year.

The Water Service charges increased from R41.2 million to R46.7 million in the 2016/17 financial year. The increase is mainly due to the increase in tariff of 9%.

Operating grants and transfers totals R65.1 million in the 2015/16 financial year and steadily decreases to R60 million by 2018/19.

The decrease is due to the following:

- Decrease of 12% in the Equitable Share allocation
- The MSIG grant have been moved to an Allocation in Kind in the 2016 DoRA Bill and therefore the municipality will not receive the grant directly.

The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

Table 4 Operating Transfers and Grant Receipts

Description R thousand	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
RECEIPTS:									
Operating Transfers and Grants									
National Government:	60 928	62 232	64 016	65 122	65 122	65 122	56 898	56 837	60 984
Local Government Equitable Share	56 393	57 283	58 642	59 775	59 775	59 775	52 659	53 638	57 594
Finance Management	1 500	1 497	1 482	1 675	1 675	1 675	1 810	2 145	2 280
Municipal Systems Improvement	800	890	934	930	930	930			
EPWP Incentive	912	1 000	1 502	1 598	1 598	1 598	1 365		
Municipal Infrastructure Grant	1 323	1 562	1 456	1 144	1 144	1 144	1 064	1 054	1 110
Provincial Government:	-	-	-	-	-	-	-	-	-
Municipal Infrastructure Grant									
District Municipality:	1 500	-	-	-	-	-	-	-	-
WDM	1 500								
Other grant providers:	-	-	-	-	-	-	-	-	-
[insert description]									
Total Operating Transfers and Grants	62 428	62 232	64 016	65 122	65 122	65 122	56 898	56 837	60 984

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the Municipality.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Municipalities must justify in their budget documentation all increases in excess of the 6 percent upper boundary of the South African Reserve Bank's inflation target. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.

The percentage increases of both Eskom and Magalies Water bulk tariffs are beyond the mentioned inflation target. Given that these tariff increases are determined by external agencies, the impact they have on the municipality's electricity and water tariffs are largely outside the control of the Municipality. Discounting the impact of these price increases in lower consumer tariffs will erode the Municipality's future financial position and viability.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilized for the calculation of the CPI consist of items such as

food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of electricity and water, petrol, diesel, chemicals, cement etc. The current challenge facing the Municipality is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions. The Municipality have where possible increased the tariffs with between 2% and 6% above the CPI target to close the gap between cost drives and tariffs levied. Within this framework the Municipality has undertaken the tariff setting process relating to service charges as follows.

1.1 Property Rates

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

National Treasury's MFMA Circular No. 51 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009 and prescribe the rate ratio for the public service infrastructure and agricultural properties relative to residential properties to be 0,25:1. The implementation of these regulations was done in the previous budget process and the Property Rates Policy of the Municipality has been amended accordingly.

The following stipulations in the Property Rates Policy are highlighted:

- The first R15 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17(h) of the MPRA);
- 20 percent rebate will be granted on all residential properties (including state owned residential properties);
- 100 percent rebate will be granted to registered indigents in terms of the Indigent Policy;
- For pensioners, physically and mentally disabled persons, a maximum/total rebate of 40 percent will be granted to owners of rate-able property if the total gross income of the applicant and/or his/her spouse, if any, does not to exceed the amount equal to R5 700.00 per month. In this regard the following stipulations are relevant:
 - The rate-able property concerned must be occupied only by the applicant and his/her spouse, if any, and by dependents without income;
 - The applicant must submit proof of his/her age and identity and, in the case of a physically or mentally handicapped person, proof of certification by a Medical Officer of Health, also proof of the annual income from a social pension;
 - The applicant's account must be paid in full, or if not, an arrangement to pay the debt should be in place; and
 - The property must be categorized as residential.

The municipality is proposing a tariff increase for Residential and Agricultural categories of properties. Business property rates tariffs will not increase in the 2016/17 financial year, this is due to previous request in previous budget years from the business community on the difference between the residential and business categories tariffs.

The categories of rate-able properties for purposes of levying rates and the proposed rates for the 2016/17 financial year based on a 8 percent increase from 1 July 2016 is contained below:

Table 5 Comparison of proposed rates to be levied for the 2016/17 financial year

Category	Current Tariff (1 July 2015)	Proposed tariff (from 1 July 2016)
	Cent	Cent
Residential properties	0.67	0.72
State owned properties	2.52	2.52
Business & Commercial	2.52	2.52
Agricultural	0.17	0.18
Vacant land - Residential	0.67	0.72
Vacant land – Business & Commercial	2.52	2.52
Industrial	2.52	2.52
Mining Property	2.52	2.52
Public benefit organization properties	0.17	0.18

1.2 Sale of water and impact of Tariff Increases

South Africa faces similar challenges with regard to water supply as it did with electricity, since demand growth outstrips supply. Consequently, National Treasury is encouraging all municipalities to carefully review the level and structure of their water tariffs to ensure:

- Water tariffs are fully cost-reflective – including the cost of maintenance and renewal of purification plants, water networks and the cost associated with reticulation expansion;
- Water tariffs are structured to protect basic levels of service and ensure the provision of free water to the poorest of the poor (indigent); and
- Water tariffs are designed to encourage efficient and sustainable consumption.

Better maintenance of infrastructure and cost-reflective tariffs will ensure that the supply challenges are managed in future to ensure sustainability. Magalies Water has increased its bulk tariffs with 12 percent from 1 July 2016.

The table below provides a summary total operating revenue and expenditure in respect of water.

	Budget 2016/17	Budget 2015/16
Total Water Operating Revenue	52 410 363	47 777 430
Total Water Operating Expenditure	37 728 300	36 084 333
Gross Profit/(Loss)	14 682 063	11 693 097
Percentage Gross Profit/(Loss)	39%	32%

The service is regarded as a trading service and is supposed to run on a surplus. There is an increase in the gross profit on water sales compared to the 2015/16 financial year which illustrate that the dependency on water tariffs to balance the budget has increased. The profit on water sales is used to finance the deficit on the budget and thereby subsidizing property rates tariffs.

A tariff increase of 8 to 10 percent for Modimolle/Phagameng and 11% to 14% for Vaalwater/Alma from 1 July 2016 for water is proposed. This is based on input cost assumptions of 12 percent increase in the cost of bulk water (Magalies Water), the cost of other inputs increasing by 7 percent. The municipality also amended the structure to include a basic tariff on water.

A summary of the proposed tariffs for households (residential) and non-residential are as follows:

Table 6 Proposed Water Tariffs

DESCRIPTION	CURRENT TARIFFS (1 JULY 2015)	PROPOSED TARIFFS (1 JULY 2016)
RESIDENTIAL:		
<u>Modimolle/Phagameng</u>		
- 0 - 20 kl per 30-day period	R 13.83	R 14.93
- 21 - 30 kl per 30-day period	R 18.96	R 20.86
- 31 kl and above	R 22.38	R 24.62
Basic Charges		R 50.00
<u>Vaalwater/Alma</u>		
- 0 – 20 kl per 30-day period	R 11.50	R 13.11
- 21 -30 kl per 30-day period	R 18.71	R 20.86
- 31 kl and above	R 22.08	R 24.62
Basic Charges		R 50.00
BUSINESS:		
Modimolle/Phagameng 0 - 30 kl	R 19.49	R 21.44
> 31 kl	R 22.38	R 24.62
Basic Charges		R 70.00
Vaalwater/Alma	R 19.49	R 21.44
> 31 kl	R 22.38	R 24.62
Basic Charges		R 70.00
BULK:		
Modimolle/Phagameng	R 18.10	R 19.91
Basic Charges		R 70.00
Kokanje Retirement Village	R 16.24	R 17.86
Basic Charges		R 70.00
<u>Vaalwater/Alma</u>		
- 0 - 5 kl per 30-day period	R 5.97	R 6.56
- 6 -10 kl per 30-day period	R 8.83	R 9.72
- 11 - 30 kl per 30-day period	R 12.48	R 13.73
- more than 30 kl per 30-day period	R 14.58	R 16.04
Basic Charges		R 70.00
MUNICIPAL		
Basic Charges	R 10.81	R 11.89
		R 50.00

The following table shows the impact of the proposed increases in water tariffs on the water charges for a single dwelling-house:

Table 7 Comparison between current water charges and increases (Domestic)

Monthly Consumption kl	Current Amount Payable R	Proposed Amount Payable R	Difference (Increase) R	Percentage Change
Modimolle/Phagameng:				
15	207.45	223.95	16.50	8%
25	371.40	402.90	31.50	8%
35	578.10	630.30	52.20	9%
Vaalwater/Alma				
15	172.50	196.65	24.15	14%
25	324.80	366.50	41.70	13%
35	529.00	593.90	64.90	12%

1.3 Sale of Electricity and Impact of Tariff Increases

NERSA has announced the revised bulk electricity pricing structure. A 9.4 percent increase in the Eskom bulk electricity tariff to municipalities will be effective from 1 July 2016.

The table below provides a summary of the sales and bulk purchases in respect of electricity.

	Budget 2016/17	Budget 2015/16
Total Sales of Electricity	107 970 000	99 996 000
Total Purchase of Electricity	106 681 700	92 575 000
Gross Profit/(Loss)	1 288 300	7 421 000
Percentage Gross Profit/(Loss)	1%	8%

Note: The Profit/(Loss) exclude any allocations of overheads

The table below provides a summary total operating revenue and expenditure in respect of electricity.

	Budget 2016/17	Budget 2015/16
Total Electricity Operating Revenue	119 774 741	112 850 244
Total Electricity Operating Expenditure	134 662 500	119 654 688
Gross Profit/(Loss)	-14 887 759	-6 804 444
Percentage Gross Profit/(Loss)	-11%	-6%

The service is regarded as a trading service and is supposed to run on a surplus. Currently the service is running at a loss that is increasing from the 2015/16 financial year. The gross profit excluding any allocation of overheads indicates a decrease from 8% in the 2015/16 financial year to 1% in the 2016/17 budget year. This is an indication that current sales are just enough to cover the bulk purchase expenditure and not the monthly overhead expenditure.

Registered indigents will be granted 50 kWh per 30-day period free of charge.

The following table shows the impact of the proposed electricity tariffs on the electricity charges for domestic customers (conventional meters):

Table 8 Comparison between current electricity charges and Proposed (Domestic)

Monthly Consumption kWh	Current Amount Payable R	Proposed Amount Payable R	Difference (Increase) R	Percentage Change
50	40.27	45.11	4.83	12%
100	91.25	102.20	10.95	12%
300	295.16	330.58	35.42	12%
500	552.83	619.17	66.34	12%
700	854.40	956.93	102.53	12%

It should further be noted that NERSA has advised that a stepped tariff structure needs to be implemented in the municipality from 1 July 2011. The effect thereof will be that the higher the consumption, the higher the cost per kWh. The aim is to subsidise the lower consumption users (mostly the poor).

The municipality proposed a R94.99 basic charge per month for conventional meters.

1.4 Sanitation and Impact of Tariff Increases

A tariff increase of 8 percent for sanitation from 1 July 2016 is proposed. This tariff is based on the size of the property and per kl of consumers Water consumption.

The table below provides a summary total operating revenue and expenditure in respect of sanitation.

	Budget 2016/17	Budget 2015/16
Total Sanitation Operating Revenue	17 770 264	17 524 400
Total Sanitation Operating Expenditure	14 516 600	14 248 142
Gross Profit/(Loss)	3 253 664	3 276 258
Percentage Gross Profit/(Loss)	22%	23%

The service is regarded as a trading service and is supposed to run on a surplus. The profit on sanitation is used to finance the deficit on the budget and thereby subsidising property rates tariffs.

The following table compares the current and proposed tariffs:

Table 9 Comparison between current sanitation charges and increases

CATEGORY	CURRENT TARIFFS 2015/16	PROPOSED TARIFFS 2016/17
Modimolle/Phagameng		
Basic		
Size of stand:		
0 - 600 m ²	R 33.58	R 36.27
600 - 1 983 m ²	R 67.49	R 72.89
1 983 - 2 975 m ²	R 89.40	R 96.55
2 975 - 3 966 m ²	R 111.89	R 120.85
3 966 - 4 957 m ²	R 134.09	R 144.82
4 957 - 9 914 m ²	R 156.43	R 168.95
above 9 914 m ² (every 992 m ²)	R 3.75	R 4.05
Per toilet (Minimum with no water consumption)	R 56.83	R 61.38
Per kl of Water Consumptions (40%)	R 7.04	R 7.60
Vaalwater/Alma		
Basic	As above	
Per toilet (Minimum with no water consumption)	R 33.16	R 39.79
Per kl of Water Consumptions (40%)	R 7.04	R 7.60
Vacuum tank	R 83.53	R 90.21

1.5 Waste Removal and Impact of Tariff Increases

The table below provides a summary total operating revenue and expenditure in respect of refuse.

	Budget 2016/17	Budget 2015/16
Total Refuse Operating Revenue	13 695 932	10 410 190
Total Refuse Operating Expenditure	20 593 700	19 455 264
Gross Profit/(Loss)	-6 897 768	-9 045 074
Percentage Gross Profit/(Loss)	-33%	-46%

Due to this service running at a loss the municipality have made changes to the structure of the tariffs in the 2015/16 financial year. The implementation of the new structure will decrease the loss over the following financial years.

A 10 percent increase in the waste removal tariff is proposed from 1 July 2016.

The following table compares current and proposed amounts payable from 1 July 2016:

Table 10 Comparison between current waste removal fees and increases

DESCRIPTION	CURRENT TARIFF (1 JULY 2015)	PROPOSED TARIFF (1 JULY 2016)
Residential:		
Residential 1		
Modimolle	R 84.17	R 92.59
Phagameng	R 84.17	R 92.59
Vaalwater/Alma	R 84.17	R 92.59
Residential 2		
Modimolle	673.36	R 740.70
Phagameng	673.36	R 740.70
Vaalwater/Alma	673.36	R 740.70
Residential 3		
Modimolle	1683.4	R 1 851.74
Phagameng	1683.4	R 1 851.74
Vaalwater/Alma	1683.4	R 1 851.74
Business:		
Modimolle/Phagameng	R 252.09	R 277.30
Vaalwater/Alma	R 252.09	R 277.30

1.6 Overall impact of tariff increases on households

The following table shows the overall expected impact of the tariff increases on a large and small household, as well as an indigent household receiving free basic services.

Table 11 MBRR Table 14 - Household bills

Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework			
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17 % incr.	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Rand/cent										
Monthly Account for Household - 'Middle Income Range'										
Rates and services charges:										
Property rates	246.60	264.87	286.06	303.22	303.22	303.22	8.4%	328.80	355.10	383.51
Electricity: Basic levy	65.25	69.99	75.59	84.81	84.81	84.81	12.0%	95.00	102.60	110.81
Electricity: Consumption	1 037.50	1 110.57	1 199.41	1 345.75	1 345.75	1 345.75	12.0%	1 507.20	1 627.78	1 758.00
Water: Basic levy								50.00	54.00	58.32
Water: Consumption	307.10	356.30	420.70	466.20	466.20	466.20	8.8%	507.20	547.78	591.60
Sanitation	161.25	155.36	191.56	173.88	173.88	173.88	8.0%	187.75	202.77	218.99
Refuse removal	68.08	73.53	79.41	84.17	84.17	84.17	10.0%	92.59	100.00	106.00
Other										
sub-total	1 885.78	2 030.62	2 252.73	2 458.03	2 458.03	2 458.03	12.6%	2 768.54	2 990.02	3 227.23
VAT on Services	264.01	247.21	275.33	301.67	301.67	301.67	13.2%	341.56	368.89	398.12
Total large household bill:	2 149.79	2 277.83	2 528.06	2 759.71	2 759.71	2 759.71	12.7%	3 110.10	3 358.91	3 625.34
% increase/-decrease		6.0%	11.0%	9.2%	-	-	12.7%		8.0%	7.9%
Monthly Account for Household - 'Affordable Range'										
Rates and services charges:										
Property rates	174.60	187.53	202.53	214.68	214.68	214.68	8.4%	232.80	251.42	271.54
Electricity: Basic levy	65.25	69.99	75.59	84.81	84.81	84.81	12.0%	95.00	102.60	110.81
Electricity: Consumption	427.50	456.22	492.72	552.84	552.84	552.84	12.0%	619.16	668.69	722.19
Water: Basic levy								50.00	54.00	58.32
Water: Consumption	245.25	284.55	336.05	371.40	371.40	371.40	8.5%	402.90	435.13	469.94
Sanitation	98.72	77.54	85.29	137.89	137.89	137.89	8.0%	148.89	160.80	173.67
Refuse removal	68.08	73.53	79.41	84.17	84.17	84.17	10.0%	92.59	100.00	106.00
Other										
sub-total	1 079.40	1 149.36	1 271.59	1 445.79	1 445.79	1 445.79	13.5%	1 641.34	1 772.65	1 912.46
VAT on Services	151.12	134.66	149.67	172.36	172.36	172.36	14.4%	197.20	212.97	229.73
Total small household bill:	1 230.52	1 284.02	1 421.26	1 618.15	1 618.15	1 618.15	13.6%	1 838.54	1 985.62	2 142.19
% increase/-decrease		4.3%	10.7%	13.9%	-	-	13.6%		8.0%	7.9%
Monthly Account for Household - 'Indigent' Household receiving free basic services										
Rates and services charges:										
Property rates										
Electricity: Basic levy										
Electricity: Consumption	237.00	265.17	286.38	321.33	321.33	321.33	6.6%	342.57	369.98	399.57
Water: Basic levy								50.00	54.00	58.32
Water: Consumption	128.38	148.96	175.98	193.62	193.62	193.62	8.0%	209.02	225.74	243.80
Sanitation	71.80	77.54	86.29	40.62	40.62	40.62	8.0%	43.87	47.38	51.17
Refuse removal	68.08	73.53	79.41	84.17	84.17	84.17	10.0%	92.59	100.00	106.00
Other										
sub-total	505.26	565.20	628.06	639.74	639.74	639.74	15.4%	738.05	797.09	858.86
VAT on Services	70.74	79.13	87.93	89.56	89.56	89.56	15.4%	103.33	111.59	120.24
Total small household bill:	576.00	644.33	715.99	729.30	729.30	729.30	15.4%	841.38	908.69	979.10
% increase/-decrease		11.9%	11.1%	1.9%	-	-	15.4%		8.0%	7.7%

Criteria used to calculate household bills: 1. Use as basis property value of R700 000, 1 000 kWh electricity and 30kl water

2. Use as basis property value of R500 000 and R700 000, 500 kWh electricity and 25kl water

3. Use as basis property value of R 300 000, 350kWh electricity and 20kl water (50 kWh electricity and 6 kl water free)

2. Operating expenditure framework

The following table is a high level summary of the 2016/17 budget and MTREF (classified per main type of operating expenditure)

Table 12 Summary of operating expenditure by standard classification item

Description R thousand	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Expenditure By Type									
Employee related costs	70 160	96 656	108 391	118 341	116 986	116 986	122 897	130 139	138 914
Remuneration of councillors	5 264	5 980	6 342	6 643	6 609	6 609	6 663	7 063	7 487
Debt impairment	1 164	13 887	17 695	15 900	20 900	20 900	22 990	24 369	25 832
Depreciation & asset impairment	23 549	42 084	50 021	32 439	55 240	55 240	58 611	62 127	65 855
Finance charges	2 783	2 751	3 018	3 682	3 660	3 660	3 831	4 061	4 304
Bulk purchases	67 252	77 382	84 677	100 275	100 275	100 275	115 306	122 374	129 867
Other materials	7 156	8 387	9 132	10 988	9 661	9 661	9 736	10 329	10 957
Contracted services	7 150	9 822	10 299	9 024	10 424	10 424	8 200	8 692	9 214
Transfers and grants	–	–	–	–	–	–	–	–	–
Other expenditure	37 338	34 083	35 859	38 447	36 200	36 200	34 401	36 336	38 571
Loss on disposal of PPE	1 391	3 440							
Total Expenditure	223 207	294 471	325 434	335 739	359 954	359 954	382 634	405 490	430 999

Circular 71 sets the norm for remuneration cost to the total of operating expenditure to be between 24% and 40% with remuneration classified as Employee Related Cost and Councillors Remuneration. The municipality is currently at 34%.

The budgeted allocation for employee related costs for the 2016/17 financial year totals R122.9 million, which equals 32 percent of the total operating expenditure. The overtime budget equals 2.4 percent of employee related costs. This is because of aging infrastructure and the expanding of services placing more pressure on our networks. The three year collective SALGBC agreement lapses on the 30 June 2017. The salary increases have been factored into this budget at a percentage increase of 7 percent for the 2016/17 financial year.

The cost associated with the remuneration of councilors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998).

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R58.6 million for the 2016/17 financial and equates to 15 percent of the total operating expenditure. Note that the implementation of GRAP 17 accounting standard has meant bringing a range of assets previously not included in the assets register onto the register. This has resulted in a significant increase in depreciation.

Finance charges consist primarily of the repayment of interest on long-term borrowing (cost of capital) and finance cost related to provisions. Finance charges make up 1 per cent (R3.8 million) of operating expenditure.

The budgeted allocation for Bulk purchases for the 2016/17 financial year totals R115.3 million, which equals 30 percent of the total operating budget. Bulk purchases are directly informed by the purchase of electricity from Eskom and water from Magalies Water. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. The expenditures include distribution losses.

Repair and Maintenance consist of other material and employee related cost to the amount of R38.4 million and equals 10% of the operating budget. Other materials is R9.7 million and employee related cost is R28.7 million. Repair and Maintenance equals 4.3% of the Property, Plant and Equipment, this is below the target of 8% set by National Treasury. The reason for not reaching the target is due to the increase in the Municipalities assets with the implementation of GRAP 17.

3. Cash flow

Description R thousands	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Cash flows									
Net cash from (used) operating	42 709	41 436	41 925	32 404	63 682	63 682	74 017	82 726	84 459
Net cash from (used) investing	(41 399)	(58 017)	(61 651)	(31 936)	(59 857)	(59 857)	(73 218)	(82 020)	(84 088)
Net cash from (used) financing	(689)	(4 770)	(1 582)	(1 325)	(2 299)	(2 299)	(278)	(151)	–
Cash/cash equivalents at the year end	61 859	34 769	13 461	16 771	14 988	14 988	15 508	16 064	16 435

The cash flow budget was calculated using the following assumptions:

Cash flow from Operating Activities

Receipts:

- Consumer Debtors Collection Rate 80%
- Interest on Outstanding Debtors 30%
- All Other Revenue 100%

Payments

- Suppliers and Employees (excl. Non-Cash) 98%
- Finance Charges (excl. Non-Cash) 100%
- Bulk Purchases – Electricity 64%
- Bulk Purchases – Water 100%

Cash flow from Investing Activities

- Capital Assets 100%

Cash flow from Financing Activities

- Repayment of Borrowings as per payment schedule

The assumption on the debtors collection rate increase is due to the municipality incorporating pre-paid electricity consumers to its credit control process. The municipality aims to collect a percentage from pre-paid electricity users with every future purchase that is made. The municipality is also increasing its credit control and debt collection activities.

Based on the above mentioned assumptions the projected net cash from operating activities of amounts to R74 million, net cash used from investing activities of R73.2 million and net cash used from financing activities of R278 thousand. The Municipality is budgeting for a net increase in cash held of R0.5 million for the 2016/17 financial year that will decrease to R0.4 million in the 2018/19 financial year.

4. Capital expenditure

The following table provides a breakdown of budgeted capital expenditure by vote:

Table 13 2014/15 Medium-term capital budget per vote

Vote Description R thousand	Current Year 2015/16		2016/17 Medium Term Revenue & Expenditure Framework					
	Adjusted Budget	%	Budget Year 2016/17	%	Budget Year +1 2017/18	%	Budget Year +2 2018/19	%
Vote1 - Executive & Council	–	0%	–	0%	–	0%	–	0%
Vote2 - Financial Services	30	0%	–	0%	–	0%	–	0%
Vote3 - Corporate Services	68	0%	–	0%	–	0%	–	0%
Vote4 - Social Services	3 621	6%	10 251	14%	16 612	20%	16 612	20%
Vote5 - Technical Services	59 250	94%	62 967	86%	65 408	80%	67 476	80%
Vote 6 - Planning and Development	–	0%	–	0%	–	0%	–	0%
Total Capital Budget	62 969	100%	73 218	100%	82 020	100%	84 088	100%

For 2016/17 an amount of R63 million has been appropriated for the development of infrastructure which represents 86 percent of the total capital budget. In the outer years this amount totals R65.4 million and R67.5 million respectively for each of the financial years. An amount of R10 million has been appropriated for social development projects in the 2016/17 financial year.

Total new assets represent 75 percent or R54.9 million of the total capital budget while asset renewal equates to 25 percent or R18.3 million. Further detail relating to asset classes and proposed capital expenditure is contained in Table 22 MBRR A9 (Asset Management) on page 54. In addition to the MBRR Table A9, MBRR Tables SA34a, b, c provides a detailed breakdown of the capital programme relating to new asset construction, capital asset renewal as well as operational repairs and maintenance by asset class (refer to pages 96, 97 and 98).

4. ANNUAL BUDGET TABLES

The information in the following Tables A1 to A10 constitutes the Municipalities budget for the 2016/17 financial year and indicative allocations for the 2017/18 and 2018/19 financial years in terms of section 8 of the Municipal Budget and Reporting Regulations.

The Municipality does not have any entities through which it provides municipal services. Instead, services are provided internally through departments. The key departments are Technical and Social Services. In instances where internal capability is limited, services are provided through external services providers. In such instances, Service Level Agreements are entered into with the service providers. Therefore, the budget tables that follow relate to the budget of the municipality only.

Table 14 MBRR Table A1 - Budget Summary

Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousands									
Financial Performance									
Property rates	19 427	27 774	30 372	31 800	30 330	30 330	31 935	33 851	35 881
Service charges	109 066	122 769	133 534	160 310	160 810	160 810	178 740	194 621	209 848
Investment revenue	2 528	2 712	1 769	2 212	600	600	600	650	700
Transfers recognised - operational	62 428	62 232	64 016	65 122	65 122	65 122	56 898	56 837	60 984
Other own revenue	17 066	20 410	21 346	21 035	27 035	27 035	25 032	26 426	28 020
Total Revenue (excluding capital transfers and contributions)	210 515	235 897	251 037	280 479	283 897	283 897	293 205	312 385	335 433
Employment costs	70 160	96 656	108 391	118 341	116 986	116 986	122 897	130 139	138 914
Remuneration of councillors	5 264	5 980	6 342	6 643	6 609	6 609	6 663	7 063	7 487
Depreciation & asset impairment	23 549	42 084	50 021	32 439	55 240	55 240	58 611	62 127	65 855
Finance charges	2 783	2 751	3 018	3 682	3 660	3 660	3 831	4 061	4 304
Materials and bulk purchases	74 408	85 769	93 809	111 263	109 936	109 936	125 042	132 703	140 823
Transfers and grants	-	-	-	-	-	-	-	-	-
Other expenditure	47 043	61 232	63 853	63 371	67 524	67 524	65 591	69 398	73 616
Total Expenditure	223 207	294 471	325 434	335 739	359 954	359 954	382 634	405 490	430 999
Surplus/(Deficit)	(12 692)	(58 574)	(74 397)	(55 260)	(76 057)	(76 057)	(89 430)	(93 105)	(95 566)
Transfers recognised - capital	37 642	43 575	44 625	31 731	61 731	61 731	73 218	82 020	84 088
Contributions recognised - capital & contributed	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	24 950	(14 998)	(29 772)	(23 529)	(14 326)	(14 326)	(16 212)	(11 085)	(11 478)
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	24 950	(14 998)	(29 772)	(23 529)	(14 326)	(14 326)	(16 212)	(11 085)	(11 478)
Capital expenditure & funds sources									
Capital expenditure	34 518	43 656	43 421	31 936	62 969	62 969	73 218	82 020	84 088
Transfers recognised - capital	34 301	40 052	40 308	31 731	61 731	61 731	73 218	82 020	84 088
Public contributions & donations	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	217	3 604	3 113	205	1 238	1 238	-	-	-
Total sources of capital funds	34 518	43 656	43 421	31 936	62 969	62 969	73 218	82 020	84 088
Financial position									
Total current assets	136 809	138 248	126 384	117 183	143 627	143 627	165 806	188 770	213 426
Total non current assets	834 233	893 554	901 574	911 642	909 306	909 306	923 915	943 808	962 041
Total current liabilities	81 048	90 649	103 563	66 725	116 077	116 077	143 051	170 000	193 600
Total non current liabilities	33 502	49 294	69 241	63 277	67 271	67 271	72 788	77 644	82 699
Community wealth/Equity	856 492	891 858	855 154	898 823	869 585	869 585	873 882	884 934	899 169
Cash flows									
Net cash from (used) operating	42 709	41 436	41 925	32 404	63 682	63 682	74 017	82 726	84 459
Net cash from (used) investing	(41 399)	(58 017)	(61 651)	(31 936)	(59 857)	(59 857)	(73 218)	(82 020)	(84 088)
Net cash from (used) financing	(689)	(4 770)	(1 582)	(1 325)	(2 299)	(2 299)	(278)	(151)	-
Cash/cash equivalents at the year end	61 859	34 769	13 461	16 771	14 988	14 988	15 508	16 064	16 435
Cash backing/surplus reconciliation									
Cash and investments available	59 342	38 487	17 636	16 726	16 008	16 008	16 530	17 086	17 457
Application of cash and investments	(3 455)	(27 674)	(25 195)	(24 902)	5 173	5 173	8 438	15 064	16 505
Balance - surplus (shortfall)	62 796	66 161	42 830	41 628	10 835	10 835	8 092	2 022	952
Asset management									
Asset register summary (WDV)	831 611	890 735	901 456	911 522	909 186	909 186	923 793	943 686	961 919
Depreciation & asset impairment	23 549	42 084	50 021	32 439	55 240	55 240	58 611	62 127	65 855
Renewal of Existing Assets	21 835	35 083	35 974	18 100	49 050	49 050	18 346	22 908	22 976
Repairs and Maintenance	21 172	31 610	36 098	37 900	37 144	37 144	38 387	41 022	43 594
Free services									
Cost of Free Basic Services provided	4 971	3 894	2 963	9 108	5 008	5 008	7 645	8 365	8 878
Revenue cost of free services provided	5 074	6 395	7 266	7 208	7 578	7 578	8 365	8 867	9 400
Households below minimum service level									
Water:	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-
Energy:	3	2	1	1	1	1	1	1	1
Refuse:	2	2	2	2	2	2	2	2	2

Explanatory notes to MBRR Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the Municipalities budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - a. The operating surplus/deficit (after Total Expenditure) is negative over the MTREF
 - b. Capital expenditure is balanced by capital funding sources, of which
 - i. Transfers recognised is reflected on the Financial Performance Budget;
4. The Cash backing/surplus reconciliation shows that in previous financial years the municipality was not paying much attention to managing this aspect of its finances, and consequently many of its obligations are not cash-backed. This place the municipality in a very vulnerable financial position, as the recent slow-down in revenue collections highlighted. Consequently Council has taken a deliberate decision to ensure adequate cash-backing for all material obligations. This cannot be achieved in one financial year. But over the MTREF there is progressive improvement in the level of cash-backing of obligations.
5. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase. In addition, the municipality continues to make progress in addressing service delivery backlogs.

Table 15 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description R thousand	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Revenue - Standard									
<i>Governance and administration</i>	65 334	77 136	78 671	81 309	85 517	85 517	79 680	83 417	88 847
Executive and council	28 029	9 233	9 605	10 209	10 209	10 209	9 380	9 649	10 239
Budget and treasury office	36 502	67 077	68 447	70 473	70 821	70 821	69 921	73 386	78 221
Corporate services	804	826	619	627	4 487	4 487	378	382	387
<i>Community and public safety</i>	5 045	5 691	4 675	7 258	6 603	6 603	9 375	5 026	5 275
Community and social services	2 984	1 372	326	294	339	339	358	379	397
Sport and recreation	361	2 395	1 649	3 438	3 438	3 438	6 053	1 465	1 465
Public safety	1 699	1 923	2 700	3 525	2 825	2 825	2 965	3 182	3 412
Housing	-	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>	20 858	29 486	18 910	7 964	23 433	23 433	10 395	8 698	10 038
Planning and development	1 610	2 175	1 638	1 330	1 345	1 345	1 281	1 286	1 358
Road transport	19 248	27 311	17 272	6 634	22 088	22 088	9 114	7 412	8 680
Environmental protection	-	-	-	-	-	-	-	-	-
<i>Trading services</i>	156 920	167 160	193 407	215 679	230 075	230 075	266 972	297 264	315 362
Electricity	90 602	107 057	99 033	121 600	123 350	123 350	127 843	145 396	155 669
Water	32 097	33 871	46 236	47 777	53 977	53 977	103 463	103 190	108 588
Waste water management	25 468	16 477	36 779	32 293	42 337	42 337	17 770	18 850	20 362
Waste management	8 754	9 754	11 359	14 008	10 410	10 410	17 896	29 828	30 742
Other	-	-	-	-	-	-	-	-	-
Total Revenue - Standard	248 157	279 473	295 662	312 210	345 628	345 628	366 423	394 405	419 521
Expenditure - Standard									
<i>Governance and administration</i>	44 088	74 781	93 625	80 290	94 254	94 254	94 849	100 989	107 513
Executive and council	16 626	40 296	53 041	39 961	52 451	52 451	56 050	59 253	62 864
Budget and treasury office	15 394	18 864	23 336	21 947	22 680	22 680	20 527	22 211	23 788
Corporate services	12 068	15 621	17 249	18 382	19 123	19 123	18 271	19 525	20 862
<i>Community and public safety</i>	20 381	26 804	27 587	33 533	31 074	31 074	32 530	34 668	36 947
Community and social services	11 409	14 105	14 458	18 025	16 250	16 250	16 357	17 399	18 509
Sport and recreation	4 477	7 445	6 723	7 922	7 728	7 728	8 852	9 443	10 074
Public safety	4 495	5 254	6 406	7 586	7 096	7 096	7 321	7 825	8 364
Housing	-	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>	28 213	36 987	39 937	43 681	45 183	45 183	47 754	49 358	52 591
Planning and development	7 214	8 349	9 331	12 936	11 861	11 861	11 284	11 989	12 810
Road transport	20 998	28 638	30 606	30 745	33 322	33 322	36 470	37 370	39 781
Environmental protection	-	-	-	-	-	-	-	-	-
<i>Trading services</i>	130 525	155 899	164 284	178 234	189 442	189 442	207 501	220 475	233 948
Electricity	87 224	91 881	103 162	118 608	119 655	119 655	134 663	142 924	151 740
Water	25 649	32 778	33 970	35 284	36 084	36 084	37 728	40 103	42 628
Waste water management	7 420	13 530	13 629	10 400	14 248	14 248	14 517	15 528	16 248
Waste management	10 232	17 711	13 523	13 942	19 455	19 455	20 594	21 920	23 333
Other	-	-	-	-	-	-	-	-	-
Total Expenditure - Standard	223 207	294 471	325 434	335 739	359 954	359 954	382 634	405 490	430 999
Surplus/(Deficit) for the year	24 950	(14 998)	(29 772)	(23 529)	(14 326)	(14 326)	(16 212)	(11 085)	(11 478)

Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.
3. Note that as a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that this is the case for Water and Waste water management function in the 2016/17 to 2018/19 financial year.
4. Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources.

Table 16 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description R thousand	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Revenue by Vote									
Vote 1 - EXECUTIVE AND COUNCIL	28 029	9 233	9 605	10 209	10 209	10 209	9 380	9 649	10 239
Vote 2 - BUDGET AND TREASURY	36 502	67 077	68 447	70 473	70 821	70 821	69 921	73 386	78 221
Vote 3 - SOCIAL SERVICES	17 717	17 867	19 977	24 969	20 716	20 716	31 174	38 857	40 221
Vote 4 - CORPORATE SERVICES	790	356	516	452	582	582	174	178	183
Vote 5 - TECHNICAL SERVICES	164 876	184 777	196 950	205 920	243 098	243 098	255 556	272 103	290 409
Vote 6 - PLANNING AND DEVELOPMENT	244	163	168	186	201	201	217	232	248
Vote 7 - [NAME OF VOTE 7]	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]	-	-	-	-	-	-	-	-	-
Total Revenue by Vote	248 157	279 473	295 662	312 210	345 628	345 628	366 423	394 405	419 521
Expenditure by Vote to be appropriated									
Vote 1 - EXECUTIVE AND COUNCIL	16 626	40 296	53 041	39 961	52 451	52 451	56 050	59 253	62 864
Vote 2 - BUDGET AND TREASURY	15 394	18 864	23 336	21 947	22 680	22 680	20 527	22 211	23 788
Vote 3 - SOCIAL SERVICES	33 744	48 522	45 898	52 393	55 448	55 448	58 514	62 351	66 442
Vote 4 - CORPORATE SERVICES	12 001	15 551	17 181	18 235	18 976	18 976	18 125	19 369	20 697
Vote 5 - TECHNICAL SERVICES	139 675	164 450	178 099	191 884	199 725	199 725	219 198	231 385	245 542
Vote 6 - PLANNING AND DEVELOPMENT	5 767	6 789	7 879	11 319	10 674	10 674	10 220	10 920	11 667
Vote 7 - [NAME OF VOTE 7]	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]	-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	223 207	294 471	325 434	335 739	359 954	359 954	382 634	405 490	430 999
Surplus/(Deficit) for the year	24 950	(14 998)	(29 772)	(23 529)	(14 326)	(14 326)	(16 212)	(11 085)	(11 478)

Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

- Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote.

Table 17 MBRR Table A4 - Budgeted Financial Performance

Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand									
Revenue By Source									
Property rates	19 427	27 774	30 372	31 800	30 330	30 330	31 935	33 851	35 881
Property rates - penalties & collection charges									
Service charges - electricity revenue	70 474	78 217	79 783	97 596	99 996	99 996	107 970	118 253	127 641
Service charges - water revenue	24 858	27 616	35 981	41 250	41 250	41 250	46 660	50 333	54 299
Service charges - sanitation revenue	8 351	10 680	10 918	11 660	11 760	11 760	12 710	13 695	14 826
Service charges - refuse revenue	5 384	6 256	6 853	9 804	7 804	7 804	11 400	12 340	13 082
Service charges - other									
Rental of facilities and equipment	173	558	190	233	313	313	322	329	332
Interest earned - external investments	2 528	2 712	1 769	2 212	600	600	600	650	700
Interest earned - outstanding debtors	7 459	9 692	9 201	9 328	12 628	12 628	13 891	14 720	15 603
Dividends received									
Fines	96	103	108	801	101	101	100	120	140
Licences and permits									
Agency services	3 907	2 421	3 941	3 700	3 700	3 700	3 900	4 000	4 200
Transfers recognised - operational	62 428	62 232	64 016	65 122	65 122	65 122	56 898	56 837	60 984
Other revenue	5 321	7 636	7 903	6 973	10 293	10 293	6 819	7 257	7 745
Gains on disposal of PPE	111		2						
Total Revenue (excluding capital transfers and contributions)	210 515	235 897	251 037	280 479	283 897	283 897	293 205	312 385	335 433
Expenditure By Type									
Employee related costs	70 160	96 656	108 391	118 341	116 986	116 986	122 897	130 139	138 914
Remuneration of councillors	5 264	5 980	6 342	6 643	6 609	6 609	6 663	7 063	7 487
Debt impairment	1 164	13 887	17 695	15 900	20 900	20 900	22 990	24 369	25 832
Depreciation & asset impairment	23 549	42 084	50 021	32 439	55 240	55 240	58 611	62 127	65 855
Finance charges	2 783	2 751	3 018	3 682	3 660	3 660	3 831	4 061	4 304
Bulk purchases	67 252	77 382	84 677	100 275	100 275	100 275	115 306	122 374	129 867
Other materials	7 156	8 387	9 132	10 988	9 661	9 661	9 736	10 329	10 957
Contracted services	7 150	9 822	10 299	9 024	10 424	10 424	8 200	8 692	9 214
Transfers and grants	-	-	-	-	-	-	-	-	-
Other expenditure	37 338	34 083	35 859	38 447	36 200	36 200	34 401	36 336	38 571
Loss on disposal of PPE	1 391	3 440							
Total Expenditure	223 207	294 471	325 434	335 739	359 954	359 954	382 634	405 490	430 999
Surplus/(Deficit)	(12 692)	(58 574)	(74 397)	(55 260)	(76 057)	(76 057)	(89 430)	(93 105)	(95 566)
Transfers recognised - capital	37 642	43 575	44 625	31 731	61 731	61 731	73 218	82 020	84 088
Contributions recognised - capital	-	-	-	-	-	-	-	-	-
Contributed assets									
Surplus/(Deficit) after capital transfers & contributions	24 950	(14 998)	(29 772)	(23 529)	(14 326)	(14 326)	(16 212)	(11 085)	(11 478)
Taxation									
Surplus/(Deficit) after taxation	24 950	(14 998)	(29 772)	(23 529)	(14 326)	(14 326)	(16 212)	(11 085)	(11 478)
Attributable to minorities									
Surplus/(Deficit) attributable to municipality	24 950	(14 998)	(29 772)	(23 529)	(14 326)	(14 326)	(16 212)	(11 085)	(11 478)
Share of surplus/ (deficit) of associate									
Surplus/(Deficit) for the year	24 950	(14 998)	(29 772)	(23 529)	(14 326)	(14 326)	(16 212)	(11 085)	(11 478)

Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

1. Total revenue is R293.2 million in 2016/17 and escalates to R335.4 million by 2018/19. This represents a year-on-year increase of 3 percent for the 2016/17 financial year and 7 percent for the 2018/19 financial year.
2. Revenue to be generated from property rates is R31.9 million in the 2016/17 financial year and increases to R35.8 million by 2018/19 which represents 11 percent of the operating revenue base of the Municipality and therefore remains a significant funding source for the municipality.
3. Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the revenue basket of the Municipality totaling R178.7 million for the 2016/17 financial year and increasing to R209.9 million by 2018/19. For the 2016/17 financial year services charges amount to 61 percent of the total revenue base and grows by 2 percent per annum over the medium-term.
4. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government. It needs to be noted that in real terms the grants receipts from national government are increasing by 7 percent for the two outer years. The percentage share of this revenue source declines due to the phasing in of the new equitable share formula from 2013/14.
5. The following graph illustrates the major expenditure items per type.

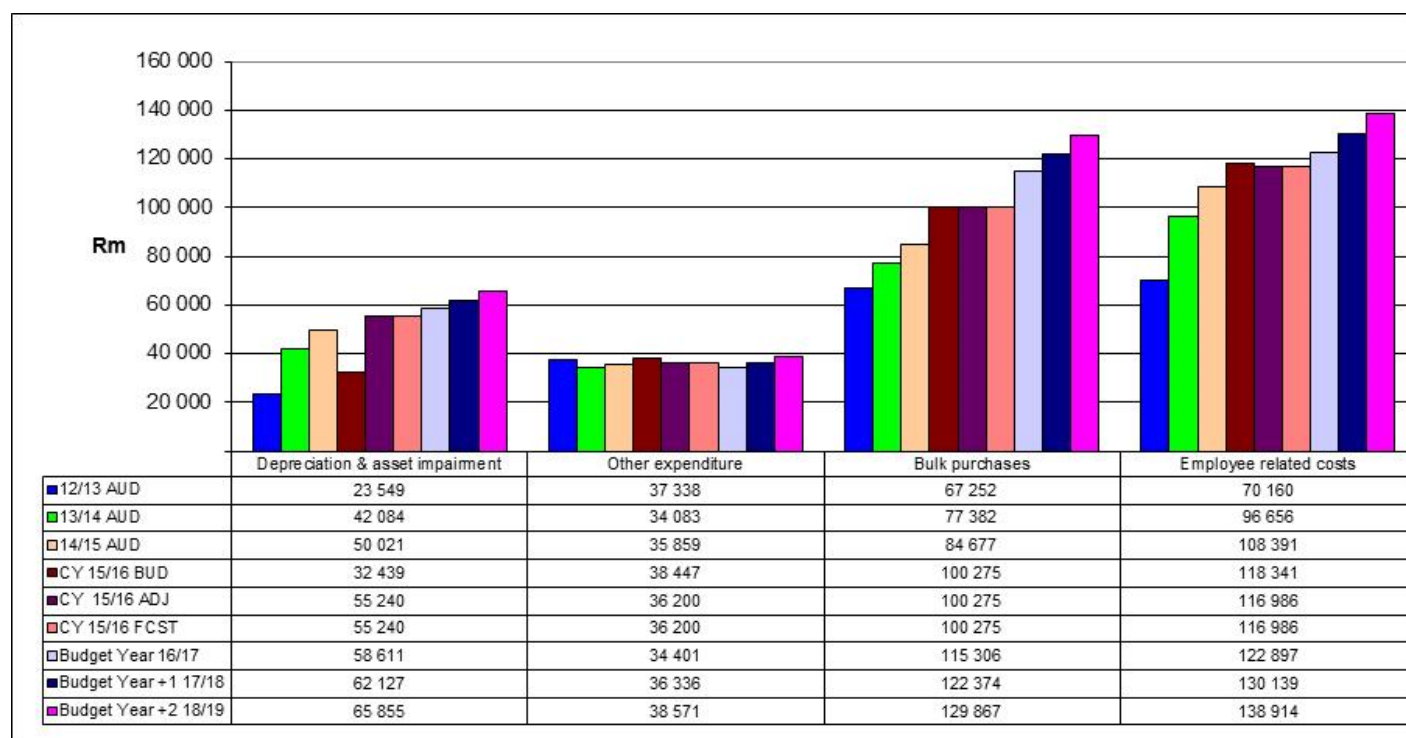


Figure 1 Expenditure by major type

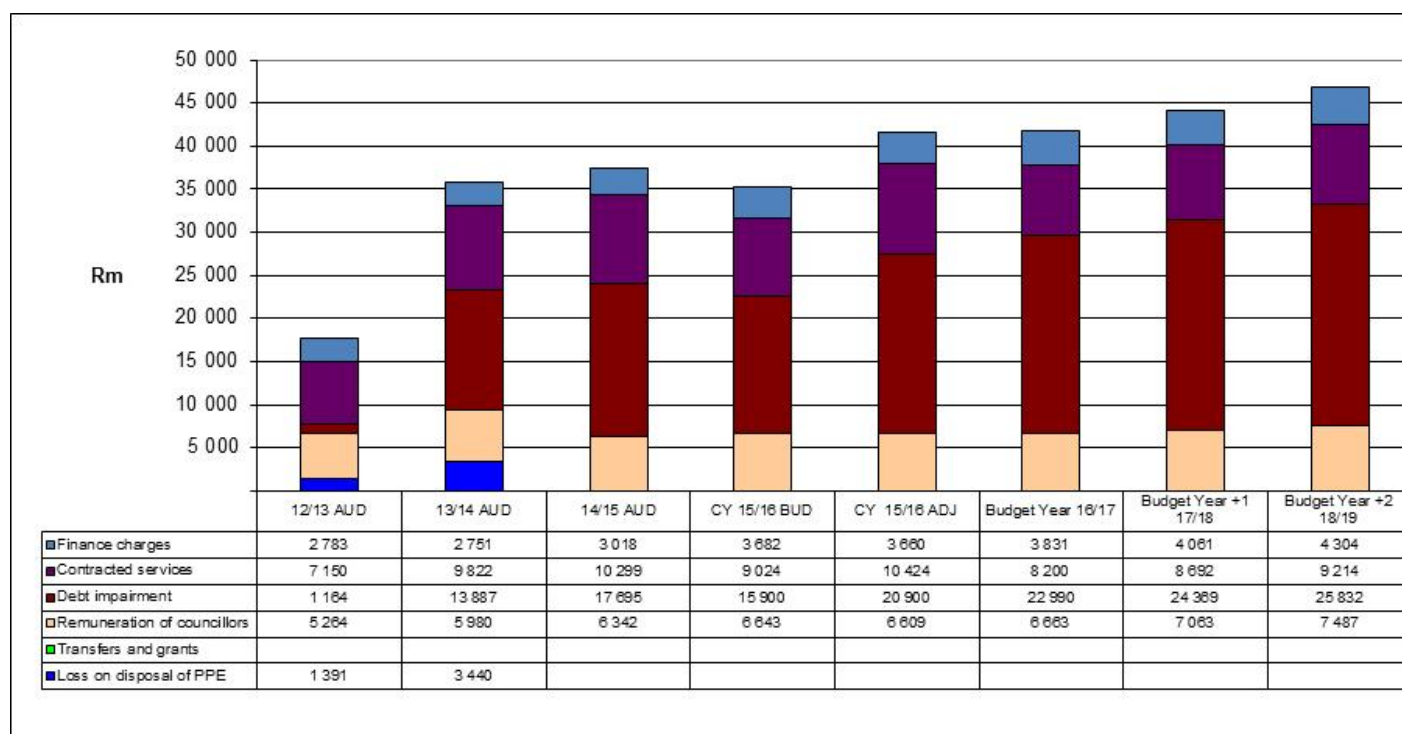


Figure 2 Expenditure by minor type

6. Bulk purchases have significantly increased over the 2012/13 to 2018/19 period escalating from R67.3 million to R132.4 million. These increases can be attributed to the substantial increase in the cost of bulk electricity from Eskom and water from Magalies Water board.
7. Employee related costs and bulk purchases are the main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage and bulk tariff increases in future years.
8. The table below indicate the percentage spend/budgeted by type of expenditure.

Description	2012/13		2013/14		2014/15		Current Year 2015/16					2016/17 Medium Term Revenue & Expenditure Framework					
R thousand	Audited Outcome	%	Audited Outcome	%	Audited Outcome	%	Original Budget	%	Adjusted Budget	%	Full Year Forecast	Budget Year 2016/17	%	Budget Year +1 2017/18	%	Budget Year +2 2018/19	%
Expenditure By Type																	
Employee related costs	70 160	31%	96 656	33%	108 391	33%	118 341	35%	116 986	33%	116 986	122 897	32%	130 139	32%	138 914	32%
Remuneration of councillors	5 264	2%	5 980	2%	6 342	2%	6 643	2%	6 609	2%	6 609	6 663	2%	7 063	2%	7 487	2%
Debt impairment	1 164	1%	13 887	5%	17 695	5%	15 900	5%	20 900	6%	20 900	22 990	6%	24 369	6%	25 832	6%
Depreciation & asset impairment	23 549	11%	42 084	14%	50 021	15%	32 439	10%	55 240	15%	55 240	58 611	15%	62 127	15%	65 855	15%
Finance charges	2 783	1%	2 751	1%	3 018	1%	3 682	1%	3 660	1%	3 660	3 831	1%	4 061	1%	4 304	1%
Bulk purchases	67 252	30%	77 382	26%	84 677	26%	100 275	30%	100 275	28%	100 275	115 306	30%	122 374	30%	129 867	30%
Other materials	7 156	3%	8 387	3%	9 132	3%	10 988	3%	9 661	3%	9 661	9 736	3%	10 329	3%	10 957	3%
Contracted services	7 150	3%	9 822	3%	10 299	3%	9 024	3%	10 424	3%	10 424	8 200	2%	8 692	2%	9 214	2%
Other expenditure	37 338	17%	34 083	12%	35 859	11%	38 447	11%	36 200	10%	36 200	34 401	9%	36 336	9%	38 571	9%
Loss on disposal of PPE	1 391	1%	3 440	1%		0%		0%		0%			0%		0%		0%
Total Expenditure	223 207	100%	294 471	100%	325 434	100%	335 739	100%	359 954	100%	359 954	382 634	100%	405 490	100%	430 999	100%

The following expenditure type's equals to more than 60% of the operating budget and are fixed overhead expenditure:

- Employee Cost
- Councilors Remuneration
- Bulk Purchases

Other Expenditure decrease from 17% in the 2012/13 financial year to 9% in 2016/17 financial year. This indicates that the municipality has address cost cutting exercises as per the requirement of circular no.79.

Table 18 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description R thousand	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Capital expenditure - Vote									
Multi-year expenditure to be appropriated									
Vote 1 - EXECUTIVE AND COUNCIL	-	-	-	-	-	-	-	-	-
Vote 2 - BUDGET AND TREASURY	-	-	-	-	-	-	-	-	-
Vote 3 - SOCIAL SERVICES	745	2 662	-	-	-	-	4 200	16 612	16 612
Vote 4 - CORPORATE SERVICES	-	-	-	-	-	-	-	-	-
Vote 5 - TECHNICAL SERVICES	11 803	30 358	35 018	27 800	58 750	58 750	56 915	65 408	67 476
Vote 6 - PLANNING AND DEVELOPMENT	-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	12 548	33 020	35 018	27 800	58 750	58 750	61 115	82 020	84 088
Single-year expenditure to be appropriated									
Vote 1 - EXECUTIVE AND COUNCIL	-	-	658	-	-	-	-	-	-
Vote 2 - BUDGET AND TREASURY	11	47	118	30	30	30	-	-	-
Vote 3 - SOCIAL SERVICES	2 201	584	1 970	3 581	3 621	3 621	6 051	-	-
Vote 4 - CORPORATE SERVICES	-	84	393	25	68	68	-	-	-
Vote 5 - TECHNICAL SERVICES	19 759	9 921	5 228	500	500	500	6 052	-	-
Vote 6 - PLANNING AND DEVELOPMENT	-	-	36	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total	21 970	10 635	8 403	4 136	4 219	4 219	12 103	-	-
Total Capital Expenditure - Vote	34 518	43 656	43 421	31 936	62 969	62 969	73 218	82 020	84 088
Capital Expenditure - Standard									
<i>Governance and administration</i>	11	131	1 169	55	98	98	-	-	-
Executive and council	-	-	658	-	-	-	-	-	-
Budget and treasury office	11	47	118	30	30	30	-	-	-
Corporate services	-	84	393	25	68	68	-	-	-
<i>Community and public safety</i>	2 945	3 186	1 793	3 581	3 621	3 621	6 051	1 463	1 463
Community and social services	2 555	952	105	-	-	-	-	-	-
Sport and recreation	391	2 221	1 688	3 581	3 621	3 621	6 051	1 463	1 463
Public safety	-	14	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>	13 928	22 929	12 937	2 931	17 737	17 737	3 846	3 408	4 476
Planning and development	35	395	57	-	-	-	-	-	-
Road transport	13 893	22 534	12 880	2 931	17 737	17 737	3 846	3 408	4 476
Environmental protection	-	-	-	-	-	-	-	-	-
<i>Trading services</i>	17 634	17 410	27 522	25 369	41 513	41 513	63 321	77 149	78 149
Electricity	6 329	17 065	5 287	10 500	10 500	10 500	8 069	15 000	15 000
Water	1 003	27	3 678	-	6 200	6 200	51 052	47 000	48 000
Waste water management	10 302	258	18 381	14 869	24 813	24 813	-	-	-
Waste management	-	60	176	-	-	-	4 200	15 149	15 149
<i>Other</i>	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Standard	34 518	43 656	43 421	31 936	62 969	62 969	73 218	82 020	84 088
Funded by:									
National Government	34 301	40 052	40 308	31 731	61 731	61 731	73 218	82 020	84 088
Provincial Government	-	-	-	-	-	-	-	-	-
District Municipality	-	-	-	-	-	-	-	-	-
Other transfers and grants	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	34 301	40 052	40 308	31 731	61 731	61 731	73 218	82 020	84 088
Public contributions & donations	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	217	3 604	3 113	205	1 238	1 238	-	-	-
Total Capital Funding	34 518	43 656	43 421	31 936	62 969	62 969	73 218	82 020	84 088

Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations. In relation to multi-year appropriations, for 2016/17 R61.1 million has been allocated of the total R73.2 million capital budget, which totals 83 percent. This allocation increases to R82 million in 2017/18 and increase to R84 million in 2018/1.
3. Single-year capital expenditure has been appropriated at R12.1 million for the 2016/17 financial.
4. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the Municipality. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.
5. The capital programme may be funded from grants and transfers and internal revenue. For 2016/17, capital transfers totals R73.2 million (100 percent) and increases to R84.1 million by 2018/19 (100 percent). The increase is due to the fact that the Municipal Infrastructure Grant allocation increases from R21 million for the 2016/17 financial year to R22.2 million in the 2018/19 financial year. The Municipality is also receiving an amount of R45 million in the 2016/17 financial year from the Water Services Infrastructure Grant.

Table 19 MBRR Table A6 - Budgeted Financial Position

Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand									
ASSETS									
Current assets									
Cash	25 290	6 921	6 476	10 706	9 988	9 988	13 025	13 411	13 604
Call investment deposits	31 730	28 748	11 041	5 900	5 900	5 900	3 384	3 553	3 731
Consumer debtors	68 167	85 638	94 673	91 247	114 309	114 309	134 968	157 376	181 662
Other debtors	5 524	10 239	7 497	3 000	6 500	6 500	7 500	7 500	7 500
Current portion of long-term receivables		316	335	330	430	430	430	430	430
Inventory	6 098	6 386	6 360	6 000	6 500	6 500	6 500	6 500	6 500
Total current assets	136 809	138 248	126 384	117 183	143 627	143 627	165 806	188 770	213 426
Non current assets									
Long-term receivables	299	–							
Investments	2 322	2 819	118	120	120	120	122	122	122
Investment property		5 575	6 494	5 575	6 494	6 494	6 494	6 494	6 494
Investment in Associate									
Property, plant and equipment	829 114	882 662	892 234	903 449	900 264	900 264	915 171	935 382	953 952
Agricultural									
Biological									
Intangible	2 497	2 497	2 728	2 497	2 428	2 428	2 128	1 810	1 473
Other non-current assets									
Total non current assets	834 233	893 554	901 574	911 642	909 306	909 306	923 915	943 808	962 041
TOTAL ASSETS	971 042	1 031 801	1 027 958	1 028 825	1 052 933	1 052 933	1 089 722	1 132 578	1 175 468
LIABILITIES									
Current liabilities									
Bank overdraft									
Borrowing	1 663	1 226	1 846	1 425	277	277	151	–	–
Consumer deposits	3 027	3 668	3 767	4 100	4 100	4 100	4 100	4 100	4 100
Trade and other payables	76 359	85 755	96 585	60 000	110 000	110 000	137 000	164 000	187 500
Provisions			1 365	1 200	1 700	1 700	1 800	1 900	2 000
Total current liabilities	81 048	90 649	103 563	66 725	116 077	116 077	143 051	170 000	193 600
Non current liabilities									
Borrowing	5 018	1 509	982	557	151	151	–	–	–
Provisions	28 484	47 785	68 260	62 720	67 120	67 120	72 788	77 644	82 699
Total non current liabilities	33 502	49 294	69 241	63 277	67 271	67 271	72 788	77 644	82 699
TOTAL LIABILITIES	114 550	139 943	172 804	130 002	183 348	183 348	215 839	247 644	276 299
NET ASSETS	856 492	891 858	855 154	898 823	869 585	869 585	873 882	884 934	899 169
COMMUNITY WEALTH/EQUITY									
Accumulated Surplus/(Deficit)	856 008	891 375	854 671	898 340	869 102	869 102	873 399	884 451	898 686
Reserves	483	483	483	483	483	483	483	483	483
TOTAL COMMUNITY WEALTH/EQUITY	856 492	891 858	855 154	898 823	869 585	869 585	873 882	884 934	899 169

Explanatory notes to Table A6 - Budgeted Financial Position

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. Table 26 is supported by an extensive table of notes (SA3 which can be found on page 62) providing a detailed analysis of the major components of a number of items, including:
 - Call investments deposits;
 - Consumer debtors;
 - Property, plant and equipment;
 - Trade and other payables;
 - Provisions non-current;
 - Changes in net assets; and
 - Reserves
4. Included in Trade and other payables are the following classes of current liabilities:
 - Trade payables
 - Debtors with credit balances
 - Retention
 - Leave provision
 - Other Creditors e.g Unknown deposits
5. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
6. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

Table 20 MBRR Table A7 - Budgeted Cash Flows

Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand									
CASH FLOW FROM OPERATING ACTIVITIES									
Receipts									
Property rates, penalties & collection charges	16 754	18 166	21 999	30 210	24 264	24 264	25 548	27 419	29 422
Service charges	89 206	107 846	104 612	153 912	135 657	135 657	151 202	166 403	181 031
Other revenue	9 386	30 106	44 451	11 695	14 371	14 371	11 105	11 670	12 379
Government - operating	62 428	62 232	64 016	65 122	63 606	63 606	56 898	56 837	60 984
Government - capital	45 979	43 162	23 012	31 731	61 731	61 731	73 218	82 020	84 088
Interest	9 987	12 404	3 961	5 010	4 388	4 388	4 767	5 066	5 381
Dividends							-	-	-
Payments									
Suppliers and employees	(188 315)	(231 895)	(219 693)	(264 775)	(239 855)	(239 855)	(248 070)	(266 201)	(288 309)
Finance charges	(2 717)	(585)	(432)	(502)	(480)	(480)	(651)	(488)	(517)
Transfers and Grants							-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES	42 709	41 436	41 925	32 404	63 682	63 682	74 017	82 726	84 459
CASH FLOWS FROM INVESTING ACTIVITIES									
Receipts									
Proceeds on disposal of PPE	1 272	8 793	199				-	-	-
Decrease (Increase) in non-current debtors							-	-	-
Decrease (increase) other non-current receivable	(140)		(919)				-	-	-
Decrease (increase) in non-current investments	(332)	(485)	(456)		3 113	3 113	-	-	-
Payments									
Capital assets	(42 198)	(66 325)	(60 475)	(31 936)	(62 969)	(62 969)	(73 218)	(82 020)	(84 088)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(41 399)	(58 017)	(61 651)	(31 936)	(59 857)	(59 857)	(73 218)	(82 020)	(84 088)
CASH FLOWS FROM FINANCING ACTIVITIES									
Receipts									
Short term loans							-	-	-
Borrowing long term/refinancing							-	-	-
Increase (decrease) in consumer deposits				100	100	100	-	-	-
Payments									
Repayment of borrowing	(689)	(4 770)	(1 582)	(1 425)	(2 399)	(2 399)	(278)	(151)	-
NET CASH FROM/(USED) FINANCING ACTIVITIES	(689)	(4 770)	(1 582)	(1 325)	(2 299)	(2 299)	(278)	(151)	-
NET INCREASE/ (DECREASE) IN CASH HELD	621	(21 351)	(21 307)	(857)	1 526	1 526	521	555	371
Cash/cash equivalents at the year begin:	61 239	56 120	34 769	17 628	13 461	13 461	14 988	15 508	16 064
Cash/cash equivalents at the year end:	61 859	34 769	13 461	16 771	14 988	14 988	15 508	16 064	16 435

Table 21 MBRR Table A8 - Cash Backed Reserves / Accumulated Surplus Reconciliation

Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand									
Cash and investments available									
Cash/cash equivalents at the year end	61 859	34 769	13 461	16 771	14 988	14 988	15 508	16 064	16 435
Other current investments > 90 days	(4 840)	900	4 057	(165)	900	900	900	900	900
Non current assets - Investments	2 322	2 819	118	120	120	120	122	122	122
Cash and investments available:	59 342	38 487	17 636	16 726	16 008	16 008	16 530	17 086	17 457
Application of cash and investments									
Unspent conditional transfers	23 876	23 468	1 686	-	-	-	-	-	-
Unspent borrowing	-	-	-	-	-	-	-	-	-
Statutory requirements				25 000	25 000	25 000	20 000	20 000	20 000
Other working capital requirements	(27 331)	(51 141)	(29 585)	(51 585)	(21 510)	(21 510)	(12 545)	(5 919)	(4 478)
Other provisions				1 200	1 200	1 200	500	500	500
Long term investments committed	-	-	2 705	-	-	-	-	-	-
Reserves to be backed by cash/investments				483	483	483	483	483	483
Total Application of cash and investments:	(3 455)	(27 674)	(25 195)	(24 902)	5 173	5 173	8 438	15 064	16 505
Surplus(shortfall)	62 796	66 161	42 830	41 628	10 835	10 835	8 092	2 022	952

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. The 2016/17 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.
4. Cash and cash equivalents totals R15.5 million as at the end of the 2016/17 financial year and increases to R16.4 million by 2018/19.
5. Although the cash and cash equivalents increases over the medium term the municipality are faced with the concern that not all creditors can be paid because of the low collection rate.

Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
5. As part of the budgeting and planning guidelines that informed the compilation of the 2016/17 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA. The table is indicating that the municipality will be in a shortfall in the 2017/18 and 2018/19 financial years. The municipality will need to increase its revenue collection in this budget to afford the following year's budget.

Table 22 MBRR Table A9 - Asset Management

Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand									
CAPITAL EXPENDITURE									
Total New Assets	12 683	8 573	7 447	13 836	13 919	13 919	54 871	59 112	61 112
Infrastructure - Road transport	-	-	-	-	-	-	-	-	-
Infrastructure - Electricity	5 385	7 436	5 287	10 500	10 500	10 500	69	2 000	3 000
Infrastructure - Water	-	-	-	-	-	-	44 552	40 500	41 500
Infrastructure - Sanitation	7 035	-	-	-	-	-	-	-	-
Infrastructure - Other	-	-	-	-	-	-	-	-	-
Infrastructure	12 420	7 436	5 287	10 500	10 500	10 500	44 621	42 500	44 500
Community	97	450	-	3 131	3 131	3 131	10 251	16 612	16 612
Heritage assets	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Other assets	166	688	2 160	205	288	288	-	-	-
Agricultural Assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Intangibles	-	-	-	-	-	-	-	-	-
Total Renewal of Existing Assets	21 835	35 083	35 974	18 100	49 050	49 050	18 346	22 908	22 976
Infrastructure - Road transport	13 893	22 534	12 332	2 931	17 737	17 737	3 846	3 408	4 476
Infrastructure - Electricity	943	9 629	-	-	-	-	8 000	13 000	12 000
Infrastructure - Water	950	-	3 678	-	6 200	6 200	6 500	6 500	6 500
Infrastructure - Sanitation	3 267	258	18 381	14 869	24 813	24 813	-	-	-
Infrastructure - Other	-	-	-	-	-	-	-	-	-
Infrastructure	19 053	32 421	34 391	17 800	48 750	48 750	18 346	22 908	22 976
Community	2 782	2 662	1 462	300	300	300	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Other assets	-	-	121	-	-	-	-	-	-
Agricultural Assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Intangibles	-	-	-	-	-	-	-	-	-
Total Capital Expenditure	13 893	22 534	12 332	2 931	17 737	17 737	3 846	3 408	4 476
Infrastructure - Road transport	6 329	17 065	5 287	10 500	10 500	10 500	8 069	15 000	15 000
Infrastructure - Electricity	950	-	3 678	-	6 200	6 200	51 052	47 000	48 000
Infrastructure - Water	10 302	258	18 381	14 869	24 813	24 813	-	-	-
Infrastructure - Sanitation	-	-	-	-	-	-	-	-	-
Infrastructure - Other	-	-	-	-	-	-	-	-	-
Infrastructure	31 473	39 857	39 678	28 300	59 250	59 250	62 967	65 408	67 476
Community	2 879	3 111	1 462	3 431	3 431	3 431	10 251	16 612	16 612
Heritage assets	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Other assets	166	688	2 281	205	288	288	-	-	-
Agricultural Assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Intangibles	-	-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class	34 518	43 656	43 421	31 936	62 969	62 969	73 218	82 020	84 088

Description R thousand	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
ASSET REGISTER SUMMARY - PPE (WDV)									
<i>Infrastructure - Road transport</i>	157 386	183 550	189 489	179 484	193 713	193 713	183 236	171 461	159 843
<i>Infrastructure - Electricity</i>	70 829	84 535	78 929	94 376	85 254	85 254	88 897	99 206	109 233
<i>Infrastructure - Water</i>	92 313	85 917	79 619	78 976	78 814	78 814	122 440	161 569	201 225
<i>Infrastructure - Sanitation</i>	83 268	76 750	95 726	107 836	113 676	113 676	106 401	98 690	90 516
<i>Infrastructure - Other</i>	1 993	9 266							
Infrastructure	405 789	440 019	443 763	460 672	471 457	471 457	500 974	530 925	560 817
Community	409 995	425 301	437 908	429 710	426 562	426 562	408 820	401 311	392 092
Heritage assets									
Investment properties	-	5 575	6 494	5 575	6 494	6 494	6 494	6 494	6 494
Other assets	13 330	17 342	10 563	13 067	2 245	2 245	5 377	3 146	1 043
Agricultural Assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Intangibles	2 497	2 497	2 728	2 497	2 428	2 428	2 128	1 810	1 473
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	831 611	890 735	901 456	911 522	909 186	909 186	923 793	943 686	961 919
EXPENDITURE OTHER ITEMS									
Depreciation & asset impairment	23 549	42 084	50 021	32 439	55 240	55 240	58 611	62 127	65 855
Repairs and Maintenance by Asset Class	21 172	31 610	36 098	37 900	37 144	37 144	38 387	41 022	43 594
<i>Infrastructure - Road transport</i>	5 037	8 597	9 403	9 467	8 914	8 914	10 750	11 492	12 285
<i>Infrastructure - Electricity</i>	5 011	7 152	9 046	9 206	9 243	9 243	8 983	9 548	10 193
<i>Infrastructure - Water</i>	7 465	10 442	11 856	11 578	11 618	11 618	11 057	11 810	12 613
<i>Infrastructure - Sanitation</i>	2 690	3 662	4 313	4 077	4 214	4 214	4 030	4 383	4 477
<i>Infrastructure - Other</i>	-	-	-	-	-	-	-	-	-
Infrastructure	20 204	29 853	34 618	34 328	33 989	33 989	34 820	37 232	39 569
Community	224	140	214	273	196	196	196	208	221
Heritage assets	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Other assets	744	1 616	1 266	3 299	2 959	2 959	3 371	3 581	3 805
TOTAL EXPENDITURE OTHER ITEMS	44 721	73 694	86 119	70 339	92 383	92 383	96 997	103 149	109 449
<i>Renewal of Existing Assets as % of total capex</i>	63.3%	80.4%	82.8%	56.7%	77.9%	77.9%	25.1%	27.9%	27.3%
<i>Renewal of Existing Assets as % of deprecn"</i>	92.7%	83.4%	71.9%	55.8%	88.8%	88.8%	31.3%	36.9%	34.9%
<i>R&M as a % of PPE</i>	2.6%	3.6%	4.0%	4.2%	4.1%	4.1%	4.2%	4.4%	4.6%
<i>Renewal and R&M as a % of PPE</i>	5.0%	7.0%	8.0%	6.0%	9.0%	9.0%	6.0%	7.0%	7.0%

Explanatory notes to Table A9 - Asset Management

- Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
- The Municipality unbundled its infrastructure assets in the 2010 and 2011 financial year. This resulted in an increase in the PPE value from R235 million to R835 million. The municipality takes note of the National Treasury Circular No. 55 that Repair and Maintenance must be at least 8% of the PPE value but this cannot be done in 5 financial years. The re-

pair and maintenance for 2016/17 is 4.2% of PPE and increase to 4.6% in the 2018/19 financial year.

3. The repair and maintenance plus renewal capital budget percentage increased from the 2012/13 financial year. In the 2012/13 financial year it was 5% of PPE and increase to 6% in the 2016/17 financial.

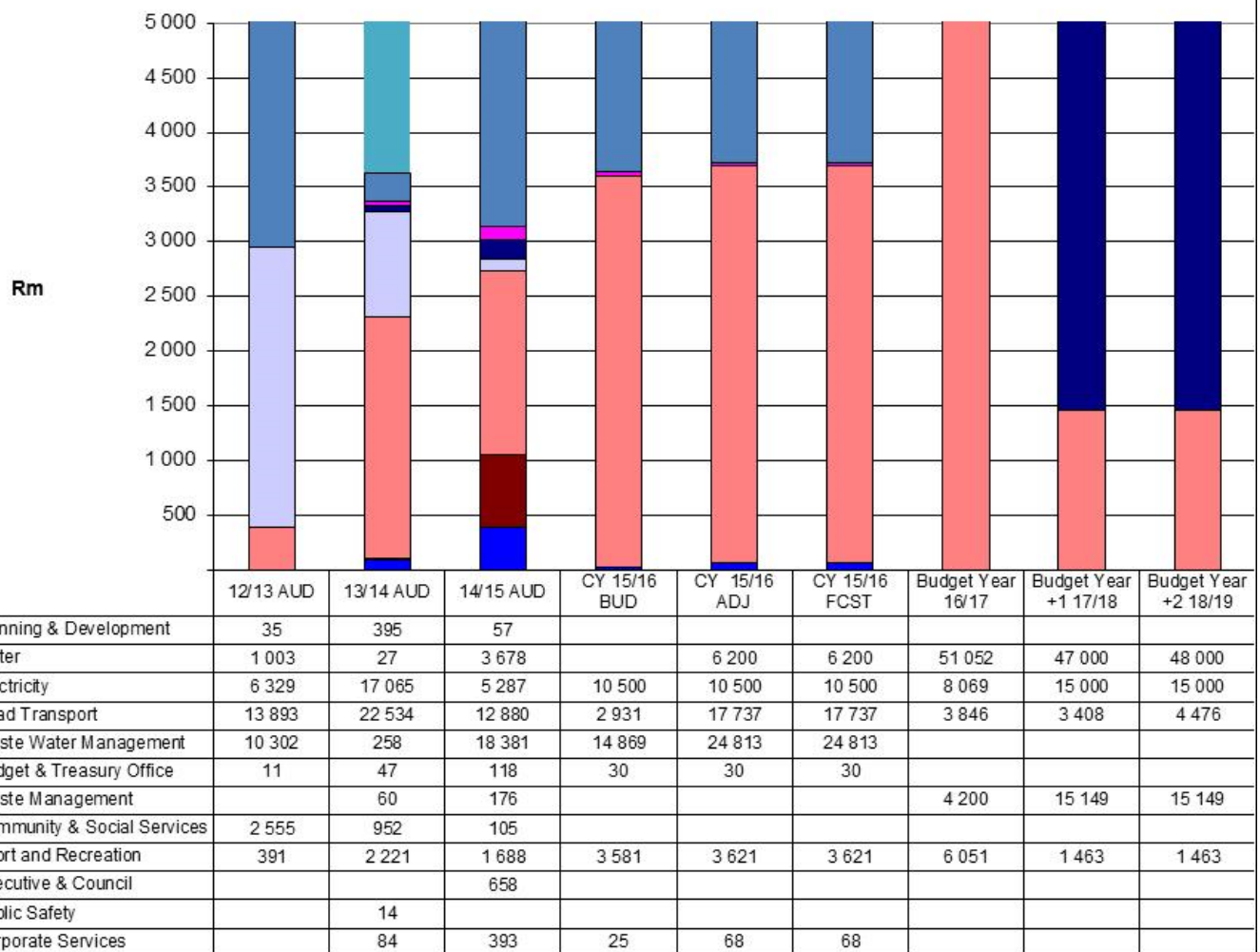


Figure 3 Capital by standard classification

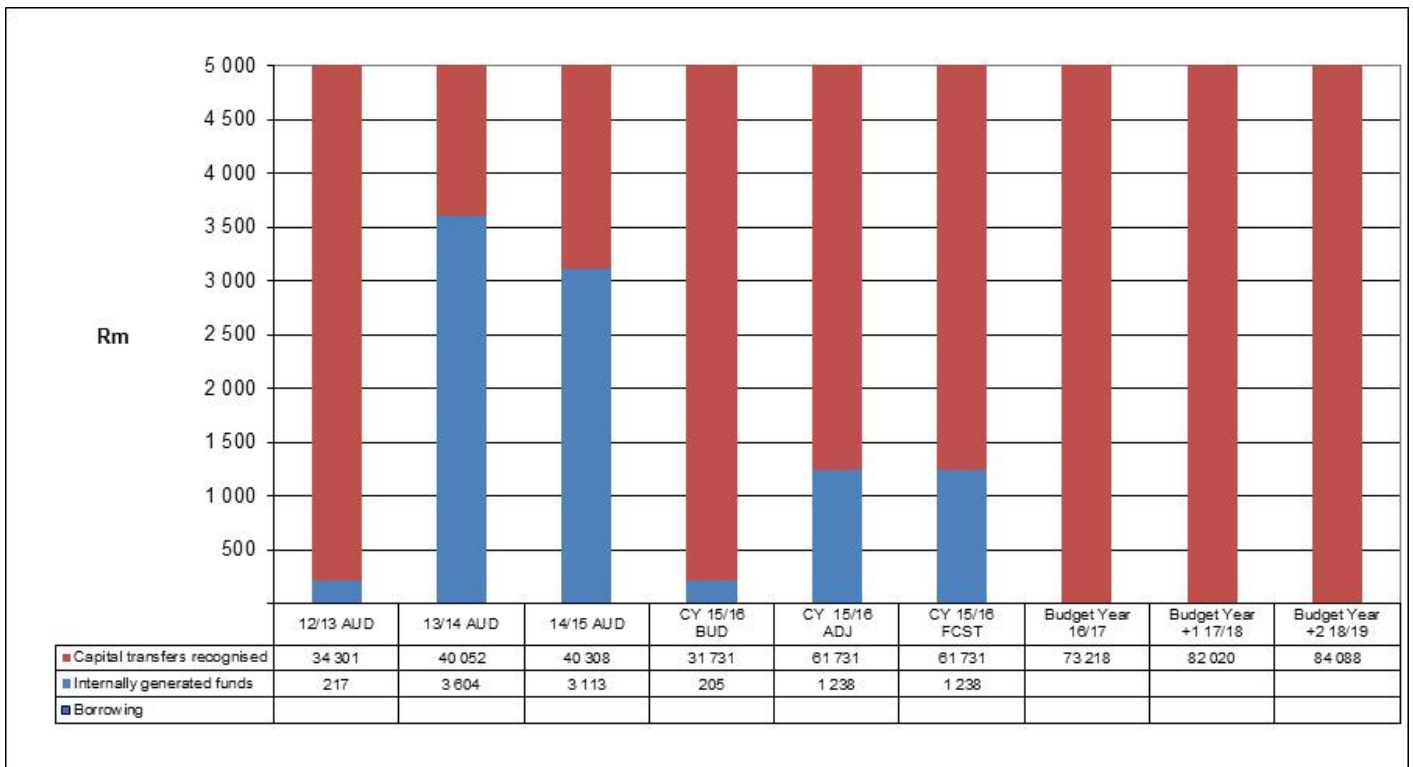


Figure 4 Capital Funding by Source

Table 23 MBRR Table A10 - Basic Service Delivery Measurement

Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Household service targets									
Water:									
Piped water inside dwelling	17 525	17 525	17 525	17 525	17 525	17 525	17 525	17 525	17 525
Piped water inside yard (but not in dwelling)	-	-	-	-	-	-	-	-	-
Using public tap (at least min.service level)	1 300	1 300	1 300	1 300	1 300	1 300	1 300	1 300	1 300
Other water supply (at least min.service level)	-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>	18 825	18 825	18 825	18 825	18 825	18 825	18 825	18 825	18 825
Using public tap (< min.service level)	-	-	-	-	-	-	-	-	-
Other water supply (< min.service level)	-	-	-	-	-	-	-	-	-
No water supply	-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>	-	-	-	-	-	-	-	-	-
Total number of households	18 825	18 825	18 825	18 825	18 825	18 825	18 825	18 825	18 825
Sanitation/sewerage:									
Flush toilet (connected to sewerage)	17 525	17 525	17 525	17 525	17 525	17 525	17 525	17 525	17 525
Flush toilet (with septic tank)	-	-	-	-	-	-	-	-	-
Chemical toilet	-	-	-	-	-	-	-	-	-
Pit toilet (ventilated)	1 300	1 300	1 300	1 300	1 300	1 300	1 300	1 300	1 300
Other toilet provisions (> min.service level)	-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>	18 825	18 825	18 825	18 825	18 825	18 825	18 825	18 825	18 825
Bucket toilet	-	-	-	-	-	-	-	-	-
Other toilet provisions (< min.service level)	-	-	-	-	-	-	-	-	-
No toilet provisions	-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>	-	-	-	-	-	-	-	-	-
Total number of households	18 825	18 825	18 825	18 825	18 825	18 825	18 825	18 825	18 825
Energy:									
Electricity (at least min.service level)	7 955	7 775	3 995	3 525	3 525	3 525	3 525	3 525	3 525
Electricity - prepaid (min.service level)	8 360	8 960	13 380	14 000	14 000	14 000	14 000	14 000	14 000
<i>Minimum Service Level and Above sub-total</i>	16 315	16 735	17 375	17 525	17 525	17 525	17 525	17 525	17 525
Electricity (< min.service level)	-	-	-	-	-	-	-	-	-
Electricity - prepaid (< min. service level)	-	-	-	-	-	-	-	-	-
Other energy sources	2 510	2 090	1 450	1 300	1 300	1 300	1 300	1 300	1 300
<i>Below Minimum Service Level sub-total</i>	2 510	2 090	1 450	1 300	1 300	1 300	1 300	1 300	1 300
Total number of households	18 825	18 825	18 825	18 825	18 825	18 825	18 825	18 825	18 825
Refuse:									
Removed at least once a week	16 625	16 625	16 625	16 625	16 625	16 625	16 625	16 625	16 625
<i>Minimum Service Level and Above sub-total</i>	16 625	16 625	16 625	16 625	16 625	16 625	16 625	16 625	16 625
Removed less frequently than once a week	-	-	-	-	-	-	-	-	-
Using communal refuse dump	-	-	-	-	-	-	-	-	-
Using own refuse dump	-	-	-	-	-	-	-	-	-
Other rubbish disposal	2 200	2 200	2 200	2 200	2 200	2 200	2 200	2 200	2 200
No rubbish disposal	-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>	2 200	2 200	2 200	2 200	2 200	2 200	2 200	2 200	2 200
Total number of households	18 825	18 825	18 825	18 825	18 825	18 825	18 825	18 825	18 825
Households receiving Free Basic Service									
Water (6 kilolitres per household per month)	-	-	5 050	5 050	5 050	5 050	5 050	5 050	5 050
Sanitation (free minimum level service)	-	-	5 050	5 050	5 050	5 050	5 050	5 050	5 050
Electricity/other energy (50kwh per household per month)	-	-	5 050	5 050	5 050	5 050	5 050	5 050	5 050
Refuse (removed at least once a week)	-	-	5 050	5 050	5 050	5 050	5 050	5 050	5 050
Cost of Free Basic Services provided - Formal Settlements (R'000)									
Water (6 kilolitres per indigent household per month)	255	142	-	2 750	750	750	2 300	2 400	2 500
Sanitation (free sanitation service to indigent households)	1 777	1 245	1 489	2 226	1 626	1 626	1 695	1 865	1 978
Electricity/other energy (50kwh per indigent household per month)	1 207	1 089	17	2 532	1 032	1 032	2 050	2 400	2 600
Refuse (removed once a week for indigent households)	1 731	1 419	1 457	1 600	1 600	1 600	1 600	1 700	1 800
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)	-	-	-	-	-	-	-	-	-
Total cost of FBS provided	4 971	3 894	2 963	9 108	5 008	5 008	7 645	8 365	8 878
Highest level of free service provided per household									
Property rates (R value threshold)	-	-	-	-	-	-	-	-	-
Water (kilolitres per household per month)	6	6	6	6	6	6	6	6	6
Sanitation (kilolitres per household per month)	-	-	-	-	-	-	-	-	-
Sanitation (Rand per household per month)	72	78	86	41	41	41	44	47	51
Electricity (kwh per household per month)	75	75	75	65	65	65	50	50	50
Refuse (average litres per week)	-	-	-	-	-	-	-	-	-
Revenue cost of subsidised services provided (R'000)									
Property rates (tariff adjustment) (impermissible values per section 17 of MPRA)	-	-	-	-	-	-	-	-	-
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA	5 074	6 395	7 266	7 208	7 578	7 578	8 365	8 867	9 400
Water (in excess of 6 kilolitres per indigent household per month)	-	-	-	-	-	-	-	-	-
Sanitation (in excess of free sanitation service to indigent households)	-	-	-	-	-	-	-	-	-
Electricity/other energy (in excess of 50 kwh per indigent household per month)	-	-	-	-	-	-	-	-	-
Refuse (in excess of one removal a week for indigent households)	-	-	-	-	-	-	-	-	-
Municipal Housing - rental rebates	-	-	-	-	-	-	-	-	-
Housing - top structure subsidies	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total revenue cost of subsidised services provided	5 074	6 395	7 266	7 208	7 578	7 578	8 365	8 867	9 400

Table 24MBRR Table SA 1 - Supporting detail to 'Budgeted Financial Performance

Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand									
REVENUE ITEMS:									
Property rates									
Total Property Rates	24 500	34 169	37 638	39 008	37 908	37 908	40 300	42 718	45 281
<i>less Revenue Foregone (exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)</i>	5 074	6 395	7 266	7 208	7 578	7 578	8 365	8 867	9 400
Net Property Rates	19 427	27 774	30 372	31 800	30 330	30 330	31 935	33 851	35 881
Service charges - electricity revenue									
Total Service charges - electricity revenue	71 681	79 305	79 799	100 128	101 028	101 028	110 020	120 653	130 241
<i>less Revenue Foregone (in excess of 50 kwh per indigent household per month)</i>									
<i>less Cost of Free Basis Services (50 kwh per indigent household per month)</i>	1 207	1 089	17	2 532	1 032	1 032	2 050	2 400	2 600
Net Service charges - electricity revenue	70 474	78 217	79 783	97 596	99 996	99 996	107 970	118 253	127 641
Service charges - water revenue									
Total Service charges - water revenue	25 113	27 758	35 981	44 000	42 000	42 000	48 960	52 733	56 799
<i>less Revenue Foregone (in excess of 6 kilolitres per indigent household per month)</i>									
<i>less Cost of Free Basis Services (6 kilolitres per indigent household per month)</i>	255	142	-	2 750	750	750	2 300	2 400	2 500
Net Service charges - water revenue	24 858	27 616	35 981	41 250	41 250	41 250	46 660	50 333	54 299
Service charges - sanitation revenue									
Total Service charges - sanitation revenue	10 129	11 925	12 406	13 886	13 386	13 386	14 405	15 560	16 804
<i>less Revenue Foregone (in excess of free sanitation service to indigent households)</i>									
<i>less Cost of Free Basis Services (free sanitation service to indigent households)</i>	1 777	1 245	1 489	2 226	1 626	1 626	1 695	1 865	1 978
Net Service charges - sanitation revenue	8 351	10 680	10 918	11 660	11 760	11 760	12 710	13 695	14 826
Service charges - refuse revenue									
Total refuse removal revenue	7 115	7 675	8 310	11 404	9 404	9 404	13 000	14 040	14 882
Total landfill revenue									
<i>less Revenue Foregone (in excess of one removal a week to indigent households)</i>									
<i>less Cost of Free Basis Services (removed once a week to indigent households)</i>	1 731	1 419	1 457	1 600	1 600	1 600	1 600	1 700	1 800
Net Service charges - refuse revenue	5 384	6 256	6 853	9 804	7 804	7 804	11 400	12 340	13 082
Other Revenue by source									
<i>Fuel Levy</i>									
<i>Other Revenue</i>									
<i>Cemetery Fees</i>	225	181	199	200	200	200	212	225	239
<i>Fire Brigade</i>	1 606	1 821	2 592	2 725	2 725	2 725	2 865	3 062	3 272
<i>Valuation Certificate</i>	38	43	39	40	50	50	53	56	60
<i>Clearance Certificate</i>	116	127	116	100	120	120	160	169	179
<i>Building Plans</i>	99	120	107	150	150	150	150	160	170
<i>Sale of Erven</i>	14								
<i>Reconnection Fees</i>	-								
<i>Other Revenue</i>	3 222	5 245	4 845	3 758	7 048	7 048	3 379	3 585	3 825
<i>Fair Value of Shares</i>		98	4						
Total 'Other' Revenue	5 321	7 636	7 903	6 973	10 293	10 293	6 819	7 257	7 745
EXPENDITURE ITEMS:									
Employee related costs									
Basic Salaries and Wages	48 088	62 283	72 445	78 725	76 780	76 780	81 696	86 126	92 147
Pension and UIF Contributions	8 631	11 054	12 897	15 445	15 108	15 108	16 227	17 363	18 578
Medical Aid Contributions	2 106	2 561	3 221	3 795	4 137	4 137	4 705	5 034	5 386
Overtime	3 187	5 360	6 164	4 775	5 386	5 386	3 000	3 210	3 186
Performance Bonus									
Motor Vehicle Allowance	3 609	3 778	5 490	6 432	6 100	6 100	6 534	6 991	7 480
Cellphone Allowance		8	10				736	788	842
Housing Allowances	175	156	132	173	262	262	278	297	318
Other benefits and allowances	1 504	1 741	2 061	2 217	2 434	2 434	2 536	2 713	2 903
Payments in lieu of leave	1 341	4 158	1 667	1 272	1 272	1 272	1 348	1 429	1 515
Long service awards									
Post-retirement benefit obligations	1 520	5 558	4 304	5 507	5 507	5 507	5 838	6 188	6 560
<i>sub-total</i>	70 160	96 656	108 391	118 341	116 986	116 986	122 897	130 139	138 914
<i>Less: Employees costs capitalised to PPE</i>									
Total Employee related costs	70 160	96 656	108 391	118 341	116 986	116 986	122 897	130 139	138 914

Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand									
Depreciation & asset impairment									
Depreciation of Property, Plant & Equipment	23 549	42 084	49 542	32 439	55 240	55 240	58 611	62 127	65 855
Lease amortisation									
Capital asset impairment			479						
Depreciation resulting from revaluation of PPE									
Total Depreciation & asset impairment	23 549	42 084	50 021	32 439	55 240	55 240	58 611	62 127	65 855
Bulk purchases									
Electricity Bulk Purchases	61 465	70 004	78 287	92 575	92 575	92 575	106 682	113 233	120 177
Water Bulk Purchases	5 787	7 378	6 390	7 700	7 700	7 700	8 624	9 141	9 690
Total bulk purchases	67 252	77 382	84 677	100 275	100 275	100 275	115 306	122 374	129 867
Transfers and grants									
Cash transfers and grants	-	-	-	-	-	-	-	-	-
Non-cash transfers and grants	-	-	-	-	-	-	-	-	-
Total transfers and grants	-	-	-	-	-	-	-	-	-
Contracted services									
Security costs	5 868	6 494	7 149	6 500	6 900	6 900	6 500	6 890	7 303
Legal Services	1 282	3 329	3 150	2 524	3 524	3 524	1 700	1 802	1 910
sub-total	7 150	9 822	10 299	9 024	10 424	10 424	8 200	8 692	9 214
Total contracted services	7 150	9 822	10 299	9 024	10 424	10 424	8 200	8 692	9 214
Other Expenditure By Type									
Collection costs									
Contributions to 'other' provisions									
Consultant fees	3 248	4 024	6 409	4 139	6 039	6 039	2 620	2 777	2 944
Audit fees	2 320	2 954	3 246	3 140	3 100	3 100	3 100	3 286	3 483
General expenses	10 546	10 976	9 440	13 311	9 493	9 493	11 231	11 831	12 582
List Other Expenditure by Type									
Advertising	342	448	324	350	360	360	390	413	438
Bank charges	274	624	737	710	710	710	753	798	846
Bursaries	295	241	91	80	80	80	50	53	56
Conference and delegations	142	172	114	170	105	105	144	153	161
Protocol Visits	127	149	100	108	98	98	83	88	94
Indigent expenditure	-	-		4	4	4	4	4	5
Insurance	522	769	1 020	1 044	1 444	1 444	1 621	1 719	1 822
Membership fees	516	670	1 018	1 200	1 200	1 200	1 284	1 374	1 470
Postage	4	2	1	12	2	2	2	2	2
Printing and stationery	532	1 371	1 180	1 583	958	958	989	1 048	1 111
Programming	1 639	1 576	1 239	1 749	1 749	1 749	1 892	2 005	2 126
Rental of office equipment	30	162	392	305	300	300	300	318	337
Subscription and publication	158	297	132	65	45	45	45	48	51
Telephone and cellphone costs	1 807	1 938	1 824	1 694	1 681	1 681	660	700	742
Training	339	253	133	241	210	210	275	223	236
Travel and subsistence	1 790	1 991	1 321	1 178	1 257	1 257	1 184	1 255	1 330
Valuation costs	327	372	775	431	431	431	431	457	484
Vehicle costs	3 611	5 093	6 361	6 934	6 934	6 934	7 344	7 785	8 252
Upgrade Eskom substation	8 769								
Total 'Other' Expenditure	37 338	34 083	35 859	38 447	36 200	36 200	34 401	36 336	38 571
Repairs and Maintenance by Expenditure Item									
Employee related costs	14 016	23 223	26 966	26 912	27 483	27 483	28 651	30 693	32 637
Other materials	7 156	8 387	9 132	10 988	9 661	9 661	9 736	10 329	10 957
Contracted Services									
Other Expenditure									
Total Repairs and Maintenance Expenditure	21 172	31 610	36 098	37 900	37 144	37 144	38 387	41 022	43 594

Table 25 MBRR Table SA 2 - Matrix Financial Performance Budget (revenue source/expenditure type and dept.)

Description	Vote 1 - EXECUTIVE AND COUNCIL	Vote 2 - BUDGET AND TREASURY	Vote 3 - SOCIAL SERVICES	Vote 4 - CORPORATE SERVICES	Vote 5 - TECHNICAL SERVICES	Vote 6 - PLANNING AND DEVELOPMENT	Total
R thousand							
Revenue By Source							
Property rates		31 935					31 935
Property rates - penalties & collection charges							-
Service charges - electricity revenue					107 970		107 970
Service charges - water revenue					46 660		46 660
Service charges - sanitation revenue					12 710		12 710
Service charges - refuse revenue			11 400				11 400
Service charges - other							-
Rental of facilities and equipment			119		203		322
Interest earned - external investments		600					600
Interest earned - outstanding debtors		13 891					13 891
Dividends received							-
Fines			100				100
Licences and permits							-
Agency services			3 900				3 900
Other revenue	260	353	3 109	174	2 706	217	6 819
Transfers recognised - operational	9 120	23 142	2 296		22 339		56 898
Gains on disposal of PPE							-
Total Revenue (excluding capital transfers and	9 380	69 921	20 924	174	192 589	217	293 205
Expenditure By Type							
Employee related costs	11 341	18 716	31 871	15 630	36 694	8 644	122 897
Remuneration of councillors	6 663						6 663
Debt impairment	22 990						22 990
Depreciation & asset impairment	14 101	300	10 760		33 450		58 611
Finance charges	3 371			370	90		3 831
Bulk purchases					115 306		115 306
Other materials	7	20	2 581	100	7 020	7	9 736
Contracted services			6 500	1 700			8 200
Transfers and grants							-
Other expenditure	(2 423)	1 491	6 802	325	26 638	1 569	34 401
Loss on disposal of PPE							-
Total Expenditure	56 050	20 527	58 514	18 125	219 198	10 220	382 634
Surplus/(Deficit)	(46 670)	49 394	(37 591)	(17 951)	(26 610)	(10 003)	(89 430)
Transfers recognised - capital			10 251		62 967		73 218
Contributions recognised - capital							-
Contributed assets							-
Surplus/(Deficit) after capital transfers & contributions	(46 670)	49 394	(27 340)	(17 951)	36 358	(10 003)	(16 212)

Table 26 MBRR Table SA 3 - Supporting detail to 'Budgeted Financial Position'

Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand									
ASSETS									
<u>Call investment deposits</u>									
Call deposits < 90 days	30 830	27 848	6 985	5 000	5 000	5 000	2 484	2 653	2 831
Other current investments > 90 days	900	900	4 057	900	900	900	900	900	900
Total Call investment deposits	31 730	28 748	11 041	5 900	5 900	5 900	3 384	3 553	3 731
<u>Consumer debtors</u>									
Consumer debtors	92 569	113 009	127 763	149 518	168 433	168 433	212 082	258 859	308 977
Less: Provision for debt impairment	(24 402)	(27 371)	(33 090)	(58 271)	(54 124)	(54 124)	(77 114)	(101 483)	(127 315)
Total Consumer debtors	68 167	85 638	94 673	91 247	114 309	114 309	134 968	157 376	181 662
<u>Debt impairment provision</u>									
Balance at the beginning of the year	(23 229)	(24 402)	(27 371)	42 371	33 224	33 224	54 124	77 114	101 483
Contributions to the provision	(1 164)	(13 020)	(17 625)	15 900	20 900	20 900	22 990	24 369	25 832
Bad debts written off	(9)	10 050	11 907						
Balance at end of year	(24 402)	(27 371)	(33 090)	58 271	54 124	54 124	77 114	101 483	127 315
<u>Property, plant and equipment (PPE)</u>									
PPE at cost/valuation (excl. finance leases)	965 392	1 061 820	1 120 550	1 140 378	1 181 372	1 181 372	1 256 737	1 338 757	1 422 845
Leases recognised as PPE				2 147	2 147	2 147			
Less: Accumulated depreciation	136 278	179 158	228 316	239 076	283 255	283 255	341 566	403 375	468 893
Total Property, plant and equipment (PPE)	829 114	882 662	892 234	903 449	900 264	900 264	915 171	935 382	953 952
LIABILITIES									
<u>Current liabilities - Borrowing</u>									
Short term loans (other than bank overdraft)	484	367	394						
Current portion of long-term liabilities	1 179	859	1 451	1 425	277	277	151		
Total Current liabilities - Borrowing	1 663	1 226	1 846	1 425	277	277	151	-	-
<u>Trade and other payables</u>									
Trade and other creditors	31 346	36 416	64 760	35 000	75 000	75 000	101 000	127 000	149 500
Unspent conditional transfers	23 876	23 468	1 686	-	-	-			
VAT	21 136	25 872	30 140	25 000	35 000	35 000	36 000	37 000	38 000
Total Trade and other payables	76 359	85 755	96 585	60 000	110 000	110 000	137 000	164 000	187 500
<u>Non current liabilities - Borrowing</u>									
Borrowing	1 743	1 376	982	557	151	151			
Finance leases (including PPP asset element)	3 275	133	-						
Total Non current liabilities - Borrowing	5 018	1 509	982	557	151	151	-	-	-
<u>Provisions - non-current</u>									
Retirement benefits	20 458	25 281	29 144	32 120	33 420	33 420	35 759	38 263	40 941
List other major provision items									
Refuse landfill site rehabilitation	5 692	19 513	34 706	26 100	29 000	29 000	32 000	34 000	36 000
Other	2 334	2 991	4 410	4 500	4 700	4 700	5 029	5 381	5 758
Total Provisions - non-current	28 484	47 785	68 260	62 720	67 120	67 120	72 788	77 644	82 699
CHANGES IN NET ASSETS									
<u>Accumulated Surplus/(Deficit)</u>									
Accumulated Surplus/(Deficit) - opening balance	835 321	903 560	884 358	934 069	898 997	898 997	869 585	873 882	884 934
GRAP adjustments									
Restated balance	835 321	903 560	884 358	934 069	898 997	898 997	869 585	873 882	884 934
Surplus/(Deficit)	24 950	(14 998)	(29 772)	(23 529)	(14 326)	(14 326)	(16 212)	(11 085)	(11 478)
Appropriations to Reserves									
Transfers from Reserves									
Depreciation offsets									
Other adjustments	(4 262)	2 813	85	(12 200)	(15 569)	(15 569)	20 026	21 654	25 230
Accumulated Surplus/(Deficit)	856 008	891 375	854 671	898 340	869 102	869 102	873 399	884 451	898 686
<u>Reserves</u>									
Housing Development Fund	483	483	483	483	483	483	483	483	483
Capital replacement									
Self-insurance									
Other reserves									
Revaluation									
Total Reserves	483	483	483	483	483	483	483	483	483
TOTAL COMMUNITY WEALTH/EQUITY	856 492	891 858	855 154	898 823	869 585	869 585	873 882	884 934	899 169

Table 27 MBRR Table SA 4 - Reconciliation of IDP strategic objectives and budget (revenue)

Strategic Objective	Goal	Goal Code	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand											
Promote the welfare of the community	Healthy and good living conditions	A	16 721	17 162	19 968	25 065	24 497	24 497	31 243	38 917	40 277
Promote and encourage sustainable economic environment	Prosperous community	B									
Plan for the future	Sustainable communities	C	244	163	168	186	201	201	217	232	248
Improve financial viability	Financial sustainability	D	36 502	67 077	68 447	70 473	70 821	70 821	69 921	73 386	78 221
Resource management of infrastructure and service	Increased accessibility of basic services	E	165 871	185 481	196 959	205 824	239 317	239 317	255 488	272 042	290 354
Improve administrative and governance capacity	Good governance capacity	F	28 773	9 484	9 935	10 601	10 631	10 631	9 454	9 727	10 322
Attract, develop and retain human capital	Improved employee satisfaction and increased productivity	G	46	106	185	60	160	160	100	100	100
Allocations to other priorities											
Total Revenue (excluding capital transfers and contributions)			248 157	279 473	295 662	312 210	345 628	345 628	366 423	394 405	419 521

Table 28 MBRR Table SA 5 - Reconciliation of IDP strategic objectives and budget (operating expenditure)

Strategic Objective	Goal	Goal Code	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand											
Promote the welfare of the community	Healthy and good living conditions	A	25 334	38 046	35 443	40 248	44 978	44 978	48 151	51 358	54 779
Promote and encourage sustainable economic environment	Prosperous community	B	2 374	2 899	3 445	4 396	4 307	4 307	3 694	3 949	4 220
Plan for the future	Sustainable communities	C	2 353	2 946	3 720	6 075	5 533	5 533	5 639	6 023	6 433
Improve financial viability	Financial sustainability	D	15 394	18 864	23 336	21 947	22 680	22 680	20 527	22 211	23 788
Resource management of infrastructure and service	Increased accessibility of basic services	E	148 085	174 926	188 554	204 029	210 195	210 195	229 561	242 379	257 204
improve administrative and governance capacity	Good governance capacity	F	26 948	54 241	68 056	55 671	68 870	68 870	71 224	75 462	80 177
Attract, develop and retain human capital	Improved employee satisfaction and increased productivity	G	2 720	2 550	2 881	3 372	3 391	3 391	3 838	4 109	4 398
Allocations to other priorities											
Total Expenditure			223 207	294 471	325 434	335 739	359 954	359 954	382 634	405 490	430 999

Table 29 MBRR Table SA 6 - Reconciliation of IDP strategic objectives and budget (capital expenditure)

Strategic Objective	Goal	Goal Code	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand											
Promote the welfare of the community	Healthy and good living conditions	A	2 113	3 246	1 970	3 581	3 621	3 621	10 251	16 612	16 612
Promote and encourage sustainable economic environment	Prosperous community	B									
Plan for the future	Sustainable communities	C			36						
Improve financial viability	Financial sustainability	D	11	47	118	30	30	30			
Resource management of infrastructure and service	Increased accessibility of basic services	E	32 395	40 279	40 247	28 300	59 250	59 250	62 967	65 408	67 476
improve administrative and governance capacity	Good governance capacity	F		84	1 051	25	68	68			
Attract, develop and retain human capital	Improved employee satisfaction and increased productivity	G									
Allocations to other priorities											
Total Capital Expenditure			34 518	43 656	43 421	31 936	62 969	62 969	73 218	82 020	84 088

Table 30 MBRR Table SA 7 Measurable performance objective

Description	Unit of measurement	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Vote 1 - Executive and Council										
Function 1 - Budget Performance										
Sub-function 1 - Operational Revenue	Amount Collected (R)	28 028 951	9 232 772	9 604 789	10 208 948	10 208 948	10 208 948	9 380 247	9 648 955	10 238 818
<i>Insert measure/s description</i>										
Sub-function 2 - Operational Expenditure	Amount Spent (R)	16 626 105	40 295 823	53 040 885	39 960 919	52 451 383	52 451 383	56 050 000	59 253 200	62 863 500
<i>Insert measure/s description</i>										
Sub-function 3 - Capital Expenditure										
<i>Insert measure/s description</i>										
Vote 2 - Budget and Treasury										
Function 1 - Budget Performance										
Sub-function 1 - Operational Revenue	Amount Collected (R)	36 501 644	67 076 850	68 446 882	70 473 171	70 821 171	70 821 171	69 921 253	73 386 285	78 221 426
<i>Insert measure/s description</i>										
Sub-function 2 - Operational Expenditure	Amount Spent (R)	15 393 575	18 863 759	23 335 888	21 947 449	22 679 749	22 679 749	20 527 400	22 211 400	23 787 900
<i>Insert measure/s description</i>										
Sub-function 3 - Capital Expenditure	Amount Spent (R)	10 585	47 169		30 000	30 000	30 000			
<i>Insert measure/s description</i>										
Vote 3 - Social Services										
Function 1 - Budget Performance										
Sub-function 1 - Operational Revenue	Amount Collected (R)	17 716 502	17 866 794	19 977 174	24 968 768	20 715 768	20 715 768	31 174 399	38 856 882	40 221 103
<i>Insert measure/s description</i>										
Sub-function 2 - Operational Expenditure	Amount Spent (R)	33 744 249	48 521 603	45 897 961	52 392 849	55 448 231	55 448 231	58 514 300	62 351 200	66 441 600
<i>Insert measure/s description</i>										
Sub-function 3 - Capital Expenditure	Amount Spent (R)	2 945 290	3 246 011		3 581 250	3 621 250	3 621 250	10 250 660	16 611 925	16 611 900
<i>Insert measure/s description</i>										
Vote 4 - Corporate Services										
Function 1 - Budget Performance										
Sub-function 1 - Operational Revenue	Amount Collected (R)	789 948	356 481	515 527	452 228	582 228	582 228	174 000	178 000	183 000
<i>Insert measure/s description</i>										
Sub-function 2 - Operational Expenditure	Amount Spent (R)	12 001 259	15 551 151	17 180 591	18 234 963	18 976 263	18 976 263	18 124 600	19 368 900	20 697 100
<i>Insert measure/s description</i>										
Sub-function 3 - Capital Expenditure	Amount Spent (R)	-	83 582		25 000	68 000	68 000			
<i>Insert measure/s description</i>										
Vote 5 - Technical Services										
Function 1 - Budget Performance										
Sub-function 1 - Operational Revenue	Amount Collected (R)	164 875 781	184 776 833	196 949 827	205 920 406	213 098 406	213 098 406	255 555 808	272 102 575	290 409 335
<i>Insert measure/s description</i>										
Sub-function 2 - Operational Expenditure	Amount Spent (R)	139 674 953	164 450 090	178 099 108	191 884 177	199 724 580	199 724 580	219 198 200	231 385 400	245 541 800
<i>Insert measure/s description</i>										
Sub-function 3 - Capital Expenditure	Amount Spent (R)	31 561 989	40 279 002		28 300 000	59 250 000	59 250 000	62 967 240	65 408 268	67 476 192
<i>Insert measure/s description</i>										
Vote 6 - Planning and Development										
Function 1 - Budget Performance										
Sub-function 1 - Operational Revenue	Amount Collected (R)	244 498	162 868	167 969	186 415	201 415	201 415	216 900	232 300	247 600
<i>Insert measure/s description</i>										
Sub-function 2 - Operational Expenditure	Amount Spent (R)	5 767 125	6 788 661	7 879 333	11 318 512	10 673 612	10 673 612	10 219 900	10 919 900	11 667 300
<i>Insert measure/s description</i>										
Sub-function 3 - Capital Expenditure	Amount Spent (R)									
<i>Insert measure/s description</i>										
And so on for the rest of the Votes										

Table 31 MBRR Table SA 8 Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<u>Borrowing Management</u>										
Credit Rating										
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	1.6%	2.6%	1.4%	1.5%	1.7%	1.7%	1.1%	1.0%	1.0%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	2.3%	4.3%	2.5%	2.4%	2.8%	2.8%	1.7%	1.6%	1.6%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure ex cl. transfers and grants and contributions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Safety of Capital</u>										
Gearing	Long Term Borrowing/ Funds & Reserves	1038.4%	312.2%	203.1%	115.3%	31.2%	31.2%	0.0%	0.0%	0.0%
<u>Liquidity</u>										
Current Ratio	Current assets/current liabilities	1.7	1.5	1.2	1.8	1.2	1.2	1.2	1.1	1.1
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	1.7	1.5	1.2	1.8	1.2	1.2	1.2	1.1	1.1
Liquidity Ratio	Monetary Assets/Current Liabilities	0.7	0.4	0.2	0.2	0.1	0.1	0.1	0.1	0.1
<u>Revenue Management</u>										
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		82.4%	83.7%	76.7%	95.8%	83.7%	0.0%	83.9%	84.8%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		82.5%	83.7%	77.2%	95.8%	83.7%	83.7%	83.9%	84.8%	85.6%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	35.1%	40.8%	40.8%	33.7%	42.7%	42.7%	48.7%	52.9%	56.5%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old									
<u>Creditors Management</u>										
Creditors System Efficiency	% of Creditors Paid Within Terms (within 'MFMA' s 65(e))									
Creditors to Cash and Investments		50.7%	104.7%	481.1%	208.7%	500.4%	500.4%	651.3%	790.6%	909.7%
<u>Other Indicators</u>										
Electricity Distribution Losses (2)	Total Volume Losses (kW)									
	Total Cost of Losses (Rand '000)									
	% Volume (units purchased and generated less units sold)/units purchased and generated		0	0						
Water Distribution Losses (2)	Total Volume Losses (kℓ)	369	1 134							
	Total Cost of Losses (Rand '000)		11863637.86							
	% Volume (units purchased and generated less units sold)/units purchased and generated		0	0						
Employee costs	Employee costs/(Total Revenue - capital revenue)	33.3%	41.0%	43.2%	42.2%	41.2%	41.2%	41.9%	41.7%	41.4%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	35.8%	43.5%	45.7%	44.6%	43.5%	43.5%	44.2%	43.9%	43.6%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	10.1%	13.4%	14.4%	13.5%	13.1%	13.1%	13.1%	13.1%	13.0%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	12.5%	19.0%	21.1%	12.9%	20.7%	20.7%	21.3%	21.2%	20.9%
<u>IDP regulation financial viability indicators</u>										
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	8.6	31.3	29.1	31.7	31.7	31.7	45.3	47.5	51.0
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	57.3%	63.7%	62.5%	49.2%	63.3%	63.3%	67.7%	72.2%	77.1%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	4.3	1.9	0.7	0.7	0.7	0.7	0.6	0.6	0.6

Table 32 MBRR Table SA 9 - Social, economic and demographic statistics and assumptions

Description of economic indicator	Ref	Basis of calculation	2001 Census	2007 Survey	2011 Census	2012/13	2013/14	2014/15	Current Year 2015/16	2016/17 Medium Term Revenue & Expenditure Framework		
						Outcome	Outcome	Outcome	Original Budget	Outcome	Outcome	Outcome
Demographics												
Population			73	53	66	66						
Females aged 5 - 14			7	5	6	6	10					
Males aged 5 - 14			4	5	7	7	11					
Females aged 15 - 34			4	10	12	12	12					
Males aged 15 - 34			14	10	13	13	13					
Unemployment												
Monthly household income (no. of households)	1, 12	Based on Population Growth	3 236	454	460							
No income												
R1 - R1 600												
R1 601 - R3 200												
R3 201 - R6 400												
R6 401 - R12 800												
R12 801 - R25 600												
R25 601 - R51 200												
R52 201 - R102 400												
R102 401 - R204 800												
R204 801 - R409 600												
R409 601 - R819 200												
> R819 200												
Poverty profiles (no. of households)	13	Income under R1 500	18 020	9 590								
< R2 060 per household per month	2	Insert description										
Household/demographics (000)												
Number of people in municipal area			72 810	52 602	68 286							
Number of poor people in municipal area			18 020	9 590								
Number of households in municipal area			20 965	15 826								
Number of poor households in municipal area			3 050	450								
Definition of poor household (R per month)												
Housing statistics	3											
Formal			10 081	9 441								
Informal			7 327	4 193								
Total number of households			17 408	13 634	-	-	-	-	-	-	-	-
Dwellings provided by municipality	4											
Dwellings provided by province/s												
Dwellings provided by private sector	5											
Total new housing dwellings			-	-	-	-	-	-	-	-	-	-
Economic	6								5.8%	6.6%	6.2%	5.9%
Inflation/inflation outlook (CPIX)												
Interest rate - borrowing												
Interest rate - investment												
Remuneration increases									7.0%	7.0%	7.0%	7.0%
Consumption growth (electricity)												
Consumption growth (water)												
Collection rates	7											
Property tax/service charges						75.0%	76.0%	76.0%		80.0%	81.0%	82.0%
Rental of facilities & equipment									100.0%	100.0%	100.0%	100.0%
Interest - external investments						100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Interest - debtors										30.0%	30.0%	30.0%
Revenue from agency services						100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Detail on the provision of municipal services for A10

Total municipal services	Ref.		2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
			Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
		Household service targets (000)									
		<u>Water:</u>									
		Piped water inside dwelling	17 525	17 525	17 525	17 525	17 525	17 525	17 525	17 525	17 525
		Piped water inside yard (but not in dwelling)	-	-	-	-	-	-	-	-	-
8		Using public tap (at least min.service level)	1 300	1 300	1 300	1 300	1 300	1 300	1 300	1 300	1 300
10		Other water supply (at least min.service level)	-	-	-	-	-	-	-	-	-
		<i>Minimum Service Level and Above sub-total</i>	18 825	18 825	18 825	18 825	18 825	18 825	18 825	18 825	18 825
9		Using public tap (< min.service level)	-	-	-	-	-	-	-	-	-
10		Other water supply (< min.service level)	-	-	-	-	-	-	-	-	-
		No water supply	-	-	-	-	-	-	-	-	-
		<i>Below Minimum Service Level sub-total</i>	-	-	-	-	-	-	-	-	-
		Total number of households	18 825	18 825	18 825	18 825	18 825	18 825	18 825	18 825	18 825
		<u>Sanitation/sewerage:</u>									
		Flush toilet (connected to sewerage)	17 525	17 525	17 525	17 525	17 525	17 525	17 525	17 525	17 525
		Flush toilet (with septic tank)	-	-	-	-	-	-	-	-	-
		Chemical toilet	-	-	-	-	-	-	-	-	-
		Pit toilet (ventilated)	1 300	1 300	1 300	1 300	1 300	1 300	1 300	1 300	1 300
		Other toilet provisions (> min.service level)	-	-	-	-	-	-	-	-	-
		<i>Minimum Service Level and Above sub-total</i>	18 825	18 825	18 825	18 825	18 825	18 825	18 825	18 825	18 825
		Bucket toilet	-	-	-	-	-	-	-	-	-
		Other toilet provisions (< min.service level)	-	-	-	-	-	-	-	-	-
		No toilet provisions	-	-	-	-	-	-	-	-	-
		<i>Below Minimum Service Level sub-total</i>	-	-	-	-	-	-	-	-	-
		Total number of households	18 825	18 825	18 825	18 825	18 825	18 825	18 825	18 825	18 825
		<u>Energy:</u>									
		Electricity (at least min.service level)	7 955	7 775	3 995	3 525	3 525	3 525	3 525	3 525	3 525
		Electricity - prepaid (min.service level)	8 360	8 960	13 380	14 000	14 000	14 000	14 000	14 000	14 000
		<i>Minimum Service Level and Above sub-total</i>	16 315	16 735	17 375	17 525	17 525	17 525	17 525	17 525	17 525
		Electricity (< min.service level)	-	-	-	-	-	-	-	-	-
		Electricity - prepaid (< min. service level)	-	-	-	-	-	-	-	-	-
		Other energy sources	2 510	2 090	1 450	1 300	1 300	1 300	1 300	1 300	1 300
		<i>Below Minimum Service Level sub-total</i>	2 510	2 090	1 450	1 300	1 300	1 300	1 300	1 300	1 300
		Total number of households	18 825	18 825	18 825	18 825	18 825	18 825	18 825	18 825	18 825
		<u>Refuse:</u>									
		Removed at least once a week	16 625	16 625	16 625	16 625	16 625	16 625	16 625	16 625	16 625
		<i>Minimum Service Level and Above sub-total</i>	16 625	16 625	16 625	16 625	16 625	16 625	16 625	16 625	16 625
		Removed less frequently than once a week	-	-	-	-	-	-	-	-	-
		Using communal refuse dump	-	-	-	-	-	-	-	-	-
		Using own refuse dump	-	-	-	-	-	-	-	-	-
		Other rubbish disposal	2 200	2 200	2 200	2 200	2 200	2 200	2 200	2 200	2 200
		No rubbish disposal	-	-	-	-	-	-	-	-	-
		<i>Below Minimum Service Level sub-total</i>	2 200	2 200	2 200	2 200	2 200	2 200	2 200	2 200	2 200
		Total number of households	18 825	18 825	18 825	18 825	18 825	18 825	18 825	18 825	18 825

Municipal in-house services	Ref.		2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
			Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
		Household service targets (000)									
		<u>Water:</u>									
		Piped water inside dwelling	17 525	17 525	17 525	17 525	17 525	17 525	17 525	17 525	17 525
		Piped water inside yard (but not in dwelling)									
8		Using public tap (at least min.service level)	1 300	1 300	1 300	1 300	1 300	1 300	1 300	1 300	1 300
10		Other water supply (at least min.service level)									
		<i>Minimum Service Level and Above sub-total</i>	18 825	18 825	18 825	18 825	18 825	18 825	18 825	18 825	18 825
9		Using public tap (< min.service level)									
10		Other water supply (< min.service level)									
		No water supply									
		<i>Below Minimum Service Level sub-total</i>	-	-	-	-	-	-	-	-	-
		Total number of households	18 825	18 825	18 825	18 825	18 825	18 825	18 825	18 825	18 825
		<u>Sanitation/sewerage:</u>									
		Flush toilet (connected to sewerage)	17 525	17 525	17 525	17 525	17 525	17 525	17 525	17 525	17 525
		Flush toilet (with septic tank)	-	-	-	-	-	-	-	-	-
		Chemical toilet	-	-	-	-	-	-	-	-	-
		Pit toilet (ventilated)	1 300	1 300	1 300	1 300	1 300	1 300	1 300	1 300	1 300
		Other toilet provisions (> min.service level)									
		<i>Minimum Service Level and Above sub-total</i>	18 825	18 825	18 825	18 825	18 825	18 825	18 825	18 825	18 825
		Bucket toilet									
		Other toilet provisions (< min.service level)									
		No toilet provisions									
		<i>Below Minimum Service Level sub-total</i>	-	-	-	-	-	-	-	-	-
		Total number of households	18 825	18 825	18 825	18 825	18 825	18 825	18 825	18 825	18 825
		<u>Energy:</u>									
		Electricity (at least min.service level)	7 955	7 775	3 995	3 525	3 525	3 525	3 525	3 525	3 525
		Electricity - prepaid (min.service level)	8 360	8 960	13 380	14 000	14 000	14 000	14 000	14 000	14 000
		<i>Minimum Service Level and Above sub-total</i>	16 315	16 735	17 375	17 525	17 525	17 525	17 525	17 525	17 525
		Electricity (< min.service level)									
		Electricity - prepaid (< min. service level)				-	-	-	-	-	-
		Other energy sources	2 510	2 090	1 450	1 300	1 300	1 300	1 300	1 300	1 300
		<i>Below Minimum Service Level sub-total</i>	2 510	2 090	1 450	1 300	1 300	1 300	1 300	1 300	1 300
		Total number of households	18 825	18 825	18 825	18 825	18 825	18 825	18 825	18 825	18 825
		<u>Refuse:</u>									
		Removed at least once a week	16 625	16 625	16 625	16 625	16 625	16 625	16 625	16 625	16 625
		<i>Minimum Service Level and Above sub-total</i>	16 625	16 625	16 625	16 625	16 625	16 625	16 625	16 625	16 625
		Removed less frequently than once a week									
		Using communal refuse dump									
		Using own refuse dump									
		Other rubbish disposal	2 200	2 200	2 200	2 200	2 200	2 200	2 200	2 200	2 200
		No rubbish disposal									
		<i>Below Minimum Service Level sub-total</i>	2 200	2 200	2 200	2 200	2 200	2 200	2 200	2 200	2 200
		Total number of households	18 825	18 825	18 825	18 825	18 825	18 825	18 825	18 825	18 825

Page 71 of 250

Table 33 MBRR Table SA 10 - Funding measurement

Description	MFMA section	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Funding measures										
Cash/cash equivalents at the year end - R'000	18(1)b	61 859	34 769	13 461	16 771	14 988	14 988	15 508	16 064	16 435
Cash + investments at the yr end less applications - R'000	18(1)b	62 796	66 161	42 830	41 628	10 835	10 835	8 092	2 022	952
Cash year end/monthly employee/supplier payments	18(1)b	4.3	1.9	0.7	0.7	0.7	0.7	0.6	0.6	0.6
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	24 950	(14 998)	(29 772)	(23 529)	(14 326)	(14 326)	(16 212)	(11 085)	(11 478)
Service charge rev % change - macro CPI target exclusive	18(1)a,(2)	N.A.	11.2%	2.9%	11.2%	(6.5%)	(6.0%)	4.2%	2.4%	1.6%
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	79.3%	91.3%	92.3%	91.9%	79.9%	79.9%	79.7%	80.6%	81.4%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	0.9%	9.2%	10.8%	8.3%	10.9%	10.9%	10.9%	10.7%	10.5%
Capital payments % of capital expenditure	18(1)c;19	122.3%	151.9%	139.3%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Borrowing receipts % of capital expenditure (ex cl. transfers)	18(1)c	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants % of Govt. legislated/gazetted allocations	18(1)a							0.0%	0.0%	0.0%
Current consumer debtors % change - incr(decr)	18(1)a	N.A.	30.5%	6.6%	(7.7%)	28.2%	0.0%	17.9%	15.7%	14.7%
Long term receivables % change - incr(decr)	18(1)a	N.A.	(100.0%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(vi)	2.6%	3.6%	4.0%	4.2%	4.1%	4.1%	4.2%	4.4%	4.6%
Asset renewal % of capital budget	20(1)(vi)	63.3%	80.4%	82.8%	56.7%	77.9%	77.9%	25.1%	27.9%	27.3%
High Level Outcome of Funding Compliance										
Total Operating Revenue		210 515	235 897	251 037	280 479	283 897	283 897	293 205	312 385	335 433
Total Operating Expenditure		223 207	294 471	325 434	335 739	359 954	359 954	382 634	405 490	430 999
Surplus/(Deficit) Budgeted Operating Statement		(12 692)	(58 574)	(74 397)	(55 260)	(76 057)	(76 057)	(89 430)	(93 105)	(95 566)
Surplus/(Deficit) Considering Reserves and Cash Backing		62 796	66 161	42 830	41 628	10 835	10 835	8 092	2 022	952
MTREF Funded (1) / Unfunded (0)		1	1	1	1	1	1	1	1	1
MTREF Funded ✓ / Unfunded ✖		✓	✓	✓	✓	✓	✓	✓	✓	✓

Table 34 MBRR Table SA11 - Property rates summary

Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Valuation:									
Date of valuation:	01/07/2013	01/07/2013	01/07/2013	01/07/2013					
Financial year valuation used	01/07/2013	01/07/2013	01/07/2013	01/07/2013			01/07/2013		
Municipal by-law s 6 in place? (Y/N)	No	No	No	No			No		
Municipal/assistant valuer appointed? (Y/N)	Yes	Yes	Yes	Yes					
Municipal partnership s38 used? (Y/N)	Yes	Yes	Yes	Yes	Yes	Yes	No	No	No
No. of assistant valuers (FTE)	No						No	No	No
No. of data collectors (FTE)				4	4	4			
No. of internal valuers (FTE)									
No. of external valuers (FTE)				1	1	1	1	1	1
No. of additional valuers (FTE)									
Valuation appeal board established? (Y/N)	Yes	Yes	Yes	Yes			Yes		
Implementation time of new valuation roll (mths)	48	48	48	48			48		
No. of properties	14 336	14 336	14 336	14 336	14 336	14 336	14 336	14 336	14 336
No. of sectional title values							-	-	-
No. of unreasonably difficult properties s7(2)	-	-	-	-	-	-	-	-	-
No. of supplementary valuations	563	563	563	2 342	2 342	2 342	1 800	1 800	1 800
No. of valuation roll amendments	-	-	-	-	-	-	-	-	-
No. of objections by rate payers	-	-	-	-	-	-	-	-	-
No. of appeals by rate payers	-	-	-	-	-	-	-	-	-
No. of successful objections	-	-	-	-	-	-	-	-	-
No. of successful objections > 10%	-	-	-	-	-	-	-	-	-
Supplementary valuation									
Public service infrastructure value (Rm)	1	1	1	1	1	1	0	0	-
Municipality owned property value (Rm)	31	31	31	31	31	31	0	0	0
Valuation reductions:									
Valuation reductions-public infrastructure (Rm)	-			-					
Valuation reductions-nature reserves/park (Rm)	-			-					
Valuation reductions-mineral rights (Rm)	-			-					
Valuation reductions-R15,000 threshold (Rm)	0								
Valuation reductions-public worship (Rm)	0								
Valuation reductions-other (Rm)	5								
Total valuation reductions:	5	-	-	-	-	-	-	-	-
Total value used for rating (Rm)	6 971	2 061	6 971	2 061	2 061	2 061	6 971	2 061	
Total land value (Rm)	-								
Total value of improvements (Rm)	-								
Total market value (Rm)	6 971	2 061	6 971	2 061	2 061	2 061	6 971	2 061	
Rating:									
Residential rate used to determine rate for other categories? (Y/N)	No	No	No	No			No		
Differential rates used? (Y/N)	Yes	Yes	Yes	Yes			Yes		
Limit on annual rate increase (s20)? (Y/N)	Yes	Yes	Yes	Yes					
Special rating area used? (Y/N)	Yes	Yes	Yes	Yes					
Phasing-in properties s21 (number)	Yes	Yes	Yes	Yes					
Rates policy accompanying budget? (Y/N)	Yes	Yes	Yes	Yes					
Fixed amount minimum value (R'000)	15	15	15	15			15		
Non-residential prescribed ratio s19? (%)				20.0%					
Rate revenue:									
Rate revenue budget (R '000)	24 500	34 169	37 638	39 008	37 908	37 908	40 300	42 718	45 281
Rate revenue expected to collect (R'000)	19 427	27 774	30 372	28 800	30 330	30 330	31 935	33 851	35 881
Expected cash collection rate (%)									
Special rating areas (R'000)									
Rebates, exemptions - indigent (R'000)	5 074	6 395	7 266	7 208	7 578	7 578	8 365	8 867	9 400
Rebates, exemptions - pensioners (R'000)									
Rebates, exemptions - bona fide farm. (R'000)									
Rebates, exemptions - other (R'000)									
Phase-in reductions/discounts (R'000)									
Total rebates, exemptns, reductns, discs (R'000)	5 074	6 395	7 266	7 208	7 578	7 578	8 365	8 867	9 400

Table 35 MBRR Table SA12 - Property Rates by Category

Description	Resi.	Indust.	Bus. & Comm.	Farm props.	State-owned	Muni props.	Public service infra.	Private owned towns	Formal & Informal Settle.	Comm. Land	State trust land	Section 8(2)(n) (note 1)	Protect. Areas	National Monum/ts	Public benefit organs.	Mining Props.
Current Year 2015/16																
Valuation:																
No. of properties	13 695	107	186	80	41	120	25	-	-	10	23	-	-	-	-	-
No. of sectional title property values	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
No. of unreasonably difficult properties s7(2)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
No. of supplementary valuations	1 800	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Supplementary valuation (Rm)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
No. of valuation roll amendments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
No. of objections by rate-payers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
No. of appeals by rate-payers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
No. of appeals by rate-payers finalised	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
No. of successful objections	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
No. of successful objections > 10%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Estimated no. of properties not valued	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Years since last valuation (select)	41281	41281	41281	41281	41281	41281	41281	41281	41281	41281	41281	41281	41281	41281	41281	41281
Frequency of valuation (select)	3years	3years	3years	3years	3years	3years	3years	3years	3years	3years	3years	3years	3years	3years	3years	3years
Method of valuation used (select)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Base of valuation (select)	market value	market value	market value	market value	market value	market value	market value	market value	market value	market value	market value	market value	market value	market value	market value	market value
Phasing-in properties s21 (number)	-	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-
Combination of rating types used? (Y/N)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Flat rate used? (Y/N)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Is balance rated by uniform rate/variable rate?	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Valuation reductions:																
Valuation reductions-public infrastructure (Rm)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Valuation reductions-nature reserves/park (Rm)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Valuation reductions-mineral rights (Rm)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Valuation reductions-R15,000 threshold (Rm)	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Valuation reductions-public worship (Rm)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Valuation reductions-other (Rm)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total valuation reductions:																
Total value used for rating (Rm)	159	91	206	54	44	31	3	-	-	7	8	-	-	-	-	-
Total land value (Rm)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total value of improvements (Rm)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total market value (Rm)	159	91	206	54	44	31	3	-	-	7	8	-	-	-	-	-
Rating:																
Average rate	0.006700	0.025200	0.025200	0.001700	0.025200	-	0.001700	-	-	-	0.025200	-	-	-	-	-
Rate revenue budget (R '000)	30 330	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rate revenue expected to collect (R'000)	24 264	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Expected cash collection rate (%)	80.0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Special rating areas (R'000)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rebates, exemptions - indigent (R'000)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rebates, exemptions - pensioners (R'000)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rebates, exemptions - bona fide farm. (R'000)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rebates, exemptions - other (R'000)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Phase-in reductions/discounts (R'000)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total rebates,exemptns,reductns,discs (R'000)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

LIM365 Modimolle - Supporting Table SA12b Property rates by category (budget year)

Description	Resi.	Indust.	Bus. & Comm.	Farm props.	State-owned	Muni props.	Public service infra.	Private owned towns	Formal & Informal Settle.	Comm. Land	State trust land	Section 8(2)(n) (note 1)	Protect. Areas	National Monum/ts	Public benefit organs.	Mining Props.
Budget Year 2016/17																
Valuation:																
No. of properties	13 695	107	188	80	41	120	25	-	-	10	23	-	-	-	-	-
No. of sectional title property values	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
No. of unreasonably difficult properties s7(2)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
No. of supplementary valuations	1 800	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Supplementary valuation (Rm)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
No. of valuation roll amendments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
No. of objections by rate-payers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
No. of appeals by rate-payers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
No. of appeals by rate-payers finalised	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
No. of successful objections	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
No. of successful objections > 10%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Estimated no. of properties not valued	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Years since last valuation (select)	41281	41281	41281	41281	41281	41281	41281	41281	41281	41281	41281	41281	41281	41281	41281	41281
Frequency of valuation (select)	3years															
Method of valuation used (select)																
Base of valuation (select)	market value															
Phasing-in properties s21 (number)	1															
Combination of rating types used? (Y/N)																
Flat rate used? (Y/N)																
Is balance rated by uniform rate/variable rate?																
Valuation reductions:																
Valuation reductions-public infrastructure (Rm)																
Valuation reductions-nature reserves/park (Rm)																
Valuation reductions-mineral rights (Rm)																
Valuation reductions-R15,000 threshold (Rm)																
Valuation reductions-public worship (Rm)																
Valuation reductions-other (Rm)																
Total valuation reductions:																
Total value used for rating (Rm)	159	91	206	54	44	31	3	-	-	7	8	-	-	47	-	-
Total land value (Rm)																
Total value of improvements (Rm)																
Total market value (Rm)	159	91	206	54	44	31	3	-	-	7	8	-	-	47	-	-
Rating:																
Average rate	0.007200	0.025200	0.025200	0.001800	0.025200	-	0.001800				0.025200					
Rate revenue budget (R '000)	31 935															
Rate revenue expected to collect (R'000)	25 548															
Expected cash collection rate (%)	80.0%															
Special rating areas (R'000)																
Rebates, exemptions - indigent (R'000)																
Rebates, exemptions - pensioners (R'000)																
Rebates, exemptions - bona fide farm. (R'000)																
Rebates, exemptions - other (R'000)																
Phase-in reductions/discounts (R'000)																
Total rebates, exemptns, reductns, discs (R'000)																

Table 36 MBRR Table SA 13 – Service Tariffs by category

Description	Provide description of tariff structure where appropriate	2012/13	2013/14	2014/15	Current Year 2015/16	2016/17 Medium Term Revenue & Expenditure Framework		
						Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<u>Property rates (rate in the Rand)</u>								
Residential properties		0.0051	0.0054	0.0058	0.0067	0.0072	0.0078	0.0084
Residential properties - vacant land								
Formal/informal settlements								
Small holdings								
Farm properties - used		0.0013	0.0014	0.0015	0.0017	0.0018	0.0019	0.0021
Farm properties - not used								
Industrial properties								
Business and commercial properties		0.0194	0.0206	0.0220	0.0252	0.0252	0.0252	0.0252
Communal land - residential								
Communal land - small holdings								
Communal land - farm property								
Communal land - business and commercial								
Communal land - other								
State-owned properties		0.0194	0.0206	0.0220	0.0252	0.0252	0.0252	0.0252
Municipal properties								
Public service infrastructure								
Privately owned towns serviced by the owner								
State trust land								
Restitution and redistribution properties								
Protected areas								
National monuments properties								
<u>Exemptions, reductions and rebates (Rands)</u>								
<i>Residential properties</i>								
R15 000 threshold rebate		15 000	15 000	15 000	15 000	15 000	15 000	15 000
General residential rebate								
Indigent rebate or exemption								
Pensioners/social grants rebate or exemption								
Temporary relief rebate or exemption								
Bona fide farmers rebate or exemption								
<i>Other rebates or exemptions</i>								
<u>Water tariffs</u>								
<i>Domestic</i>								
Basic charge/fix ed fee (Rands/month)						50	54	58
Service point - vacant land (Rands/month)								
Water usage - flat rate tariff (c/kl)								
Water usage - life line tariff	(describe structure)							
Water usage - Block 1 (c/kl)	0 - 20 kl	8.49	9	10.64	14	15	16	17
Water usage - Block 2 (c/kl)	21 - 30 kl	11.45	12	14.35	19	21	23	24
Water usage - Block 3 (c/kl)	>31 kl				22	25	27	29
Water usage - Block 4 (c/kl)	(fill in thresholds)							
<i>Other</i>								

Description	Provide description of tariff structure where appropriate	2012/13	2013/14	2014/15	Current Year 2015/16	2016/17 Medium Term Revenue & Expenditure Framework		
						Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<u>Waste water tariffs</u>								
<i>Domestic</i>								
Basic charge/ fixed fee (Rands/month)								
Service point - vacant land (Rands/month)								
Waste water - flat rate tariff (c/kl)					7	8	8	9
Volumetric charge - Block 1 (c/kl)	0 - 600 square metre	25.16	25	28.80	34	36	39	42
Volumetric charge - Block 2 (c/kl)	600 - 1983 square metre	50.56	51	57.88	67	73	79	85
Volumetric charge - Block 3 (c/kl)	1983 - 2975 square metre	66.97	67	76.67	89	97	104	113
Volumetric charge - Block 4 (c/kl)	2975 - 3966 square metre	83.82	84	95.96	112	121	131	141
<i>Other</i>				48.74				
<u>Electricity tariffs</u>								
<i>Domestic</i>								
Basic charge/ fixed fee (Rands/month)				69.99	85	95	103	111
Service point - vacant land (Rands/month)								
FBE	(how is this targeted?)							
Life-line tariff - meter	(describe structure)							
Life-line tariff - prepaid	(describe structure)							
Flat rate tariff - meter (c/kwh)								
Flat rate tariff - prepaid(c/kwh)								
Meter - IBT Block 1 (c/kwh)	0 - 50kwh	0.8303	1	0.6647	1	1	1	1
Meter - IBT Block 2 (c/kwh)	51 - 350kwh	0.8600	1	0.8414	1	1	1	1
Meter - IBT Block 3 (c/kwh)	351 - 600kwh	1.0400	1	1.1371	1	2	2	2
Meter - IBT Block 4 (c/kwh)	> 601kwh	1.3100	1	1.3516	2	2	2	2
Meter - IBT Block 5 (c/kwh)	(fill in thresholds)						-	-
Prepaid - IBT Block 1 (c/kwh)	0 - 50kwh	0.8303	0.6500	0.6858	1	1	1	1
Prepaid - IBT Block 2 (c/kwh)	51 - 350kwh	0.8600	0.8300	0.8839	1	1	1	1
Prepaid - IBT Block 3 (c/kwh)	351 - 600kwh	1.0400	1.0600	1.1371	1	2	2	2
Prepaid - IBT Block 4 (c/kwh)	> 601kwh	1.3100	1.2600	1.3516	2	2	2	2
Prepaid - IBT Block 5 (c/kwh)	(fill in thresholds)							
<i>Other</i>								
<u>Waste management tariffs</u>								
<i>Domestic</i>								
Street cleaning charge								
Basic charge/ fixed fee								
80l bin - once a week		63.04	68	73.53	84	93	100	106
250l bin - once a week								

LIM365 Modimolle - Supporting Table SA13b Service Tariffs by category - explanatory

Enforce medium-term Supporting table of service tariffs by category - explanatory								
Description	Provide description of tariff structure where appropriate	2012/13	2013/14	2014/15	Current Year 2015/16	2016/17 Medium Term Revenue & Expenditure Framework		
						Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<u>Waste water tariffs</u>								
<i>Per Toilet</i>	Per Toilet(minimum for no water consumption)		48.74	54	57	61	66	72

Table 37 MBRR Table SA 15 - Investment particulars by type

Investment type	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand									
Parent municipality									
Securities - National Government	4	114	118				122	122	122
Listed Corporate Bonds									
Deposits - Bank	31 726	28 748	7 885	6 020	6 020	6 020	3 384	3 553	3 731
Deposits - Public Investment Commissioners									
Deposits - Corporation for Public Deposits									
Bankers Acceptance Certificates									
Negotiable Certificates of Deposit - Banks									
Guaranteed Endowment Policies (sinking)	2 322	2 705	3 157	-					
Repurchase Agreements - Banks									
Municipal Bonds									
Municipality sub-total	34 052	31 566	11 159	6 020	6 020	6 020	3 506	3 675	3 853
Entities									
Securities - National Government									
Listed Corporate Bonds									
Deposits - Bank									
Deposits - Public Investment Commissioners									
Deposits - Corporation for Public Deposits									
Bankers Acceptance Certificates									
Negotiable Certificates of Deposit - Banks									
Guaranteed Endowment Policies (sinking)									
Repurchase Agreements - Banks									
Entities sub-total	-	-	-	-	-	-	-	-	-
Consolidated total:	34 052	31 566	11 159	6 020	6 020	6 020	3 506	3 675	3 853

Table 38 MBRR Table SA16 - Investment particulars by maturity

Investments by Maturity	Period of Investment	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest rate	Interest Rate 3.	Commission Paid (Rands)	Commission Recipient	Expiry date of investment	Opening balance	Interest to be realised	Partial / Premature Withdrawal (4)	Investment Top Up	Closing Balance
Name of institution & investment ID	Yrs/Months												
Parent municipality													
FNB - 710 5722 0470	12 Months	Gaurantee	yes	Variable	7%								-
FNB - 620 3596 2720		Call Account	yes	Variable	4%				400	24			424
Standard Bank - 0388 3585 1003		32 Days	yes	Variable	6%				1 300	78			1 378
ABSA - 925 502 6252		Call Account	yes	Variable	5%				789	47			837
NEDBANK - 788 1103 124		60 day's deposit	yes	Fixed	7%				699	46			745
Municipality sub-total									3 189		-	-	3 384
Entities													
													-
													-
													-
													-
Entities sub-total									-		-	-	-
TOTAL INVESTMENTS AND INTEREST									3 189		-	-	3 384

Table 39 MBRR Table SA 17 – Borrowing

Borrowing - Categorised by type R thousand	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Parent municipality									
Long-Term Loans (annuity/reducing balance)	1 743	1 376	982	557	151	151	-	-	-
Long-Term Loans (non-annuity)									
Local registered stock									
Instalment Credit									
Financial Leases	3 275	133	-						
PPP liabilities									
Finance Granted By Cap Equipment Supplier									
Marketable Bonds									
Non-Marketable Bonds									
Bankers Acceptances									
Financial derivatives									
Other Securities									
Municipality sub-total	5 018	1 509	982	557	151	151	-	-	-
Entities									
Long-Term Loans (annuity/reducing balance)									
Long-Term Loans (non-annuity)									
Local registered stock									
Instalment Credit									
Financial Leases									
PPP liabilities									
Finance Granted By Cap Equipment Supplier									
Marketable Bonds									
Non-Marketable Bonds									
Bankers Acceptances									
Financial derivatives									
Other Securities									
Entities sub-total	-	-	-	-	-	-	-	-	-
Total Borrowing	5 018	1 509	982	557	151	151	-	-	-

Table 40 MBRR Table SA 18 - Transfers and grant receipts

Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
RECEIPTS:									
Operating Transfers and Grants									
National Government:	60 928	62 232	64 016	65 122	65 122	65 122	56 898	56 837	60 984
Local Government Equitable Share	56 393	57 283	58 642	59 775	59 775	59 775	52 659	53 638	57 594
Finance Management	1 500	1 497	1 482	1 675	1 675	1 675	1 810	2 145	2 280
Municipal Systems Improvement	800	890	934	930	930	930			
EPWP Incentive	912	1 000	1 502	1 598	1 598	1 598	1 365		
Municipal Infrastructure Grant	1 323	1 562	1 456	1 144	1 144	1 144	1 064	1 054	1 110
Provincial Government:	-	-	-	-	-	-	-	-	-
Municipal Infrastructure Grant									
District Municipality:	1 500	-	-	-	-	-	-	-	-
WDM	1 500								
Other grant providers:	-	-	-	-	-	-	-	-	-
[insert description]									
Total Operating Transfers and Grants	62 428	62 232	64 016	65 122	65 122	65 122	56 898	56 837	60 984
Capital Transfers and Grants									
National Government:	51 111	44 671	23 012	31 731	61 731	61 731	73 218	82 020	84 088
Municipal Infrastructure Grant (MIG)	40 111	37 371	17 894	21 731	51 731	51 731	20 218	20 020	21 088
Integrated National Electrification Programme	3 000	7 300	5 000	10 000	10 000	10 000	8 000	15 000	15 000
Electricity Demand Side Management	8 000								
FMG			118						
MWIG							45 000	47 000	48 000
Provincial Government:	-	-	-	-	-	-	-	-	-
Other capital transfers/grants [insert description]									
District Municipality:	-	-	-	-	-	-	-	-	-
WDM									
Other grant providers:	-	-	-	-	-	-	-	-	-
[insert description]									
Total Capital Transfers and Grants	51 111	44 671	23 012	31 731	61 731	61 731	73 218	82 020	84 088
TOTAL RECEIPTS OF TRANSFERS & GRANTS	113 539	106 903	87 028	96 853	126 853	126 853	130 116	138 857	145 072

Table 41 MBRR Table SA 19 - Expenditure on transfers and grant programme

Description R thousand	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
EXPENDITURE:									
Operating expenditure of Transfers and Grants									
National Government:	60 928	62 232	64 016	65 122	65 122	65 122	56 898	56 837	60 984
Local Government Equitable Share	56 393	57 283	58 642	59 775	59 775	59 775	52 659	53 638	57 594
Finance Management	1 500	1 497	1 482	1 675	1 675	1 675	1 810	2 145	2 280
Municipal Systems Improvement	800	890	934	930	930	930			
EPWP Incentive	912	1 000	1 502	1 598	1 598	1 598	1 365		
Municipal Infrastructure Grant	1 323	1 562	1 456	1 144	1 144	1 144	1 064	1 054	1 110
Provincial Government:	-	-	-	-	-	-	-	-	-
Municipal Infrastructure Grant									
District Municipality:	1 500	-	-	-	-	-	-	-	-
WDM	1 500								
Other grant providers:	-	-	-	-	-	-	-	-	-
[insert description]									
Total operating expenditure of Transfers and Grants	62 428	62 232	64 016	65 122	65 122	65 122	56 898	56 837	60 984
Capital expenditure of Transfers and Grants									
National Government:	37 642	43 575	44 625	31 731	61 731	61 731	73 218	82 020	84 088
Municipal Infrastructure Grant (MIG)	33 831	29 175	39 507	21 731	51 731	51 731	20 218	20 020	21 088
Integrated National Electrification Programme	3 000	7 300	5 000	10 000	10 000	10 000	8 000	15 000	15 000
Electricity Demand Side Management	811	7 048							
MWIG							45 000	47 000	48 000
Finance Management		53	118						
Provincial Government:	-	-	-	-	-	-	-	-	-
Other capital transfers/grants [insert description]									
District Municipality:	-	-	-	-	-	-	-	-	-
WDM									
Other grant providers:	-	-	-	-	-	-	-	-	-
[insert description]									
Total capital expenditure of Transfers and Grants	37 642	43 575	44 625	31 731	61 731	61 731	73 218	82 020	84 088
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS	100 070	105 808	108 641	96 853	126 853	126 853	130 116	138 857	145 072

Table 42 MBRR Table SA 20 - Reconciliation of transfers, grant receipts and unspent funds

Description R thousand	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Operating transfers and grants:									
National Government:									
Balance unspent at beginning of the year									
Current year receipts	60 928	62 232	64 016	65 122	65 122	65 122	56 898	56 837	60 984
Conditions met - transferred to revenue	60 928	62 232	64 016	65 122	65 122	65 122	56 898	56 837	60 984
Conditions still to be met - transferred to liabilities									
Provincial Government:									
Balance unspent at beginning of the year									
Current year receipts									
Conditions met - transferred to revenue	-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities									
District Municipality:									
Balance unspent at beginning of the year									
Current year receipts	1 500								
Conditions met - transferred to revenue	1 500	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities									
Other grant providers:									
Balance unspent at beginning of the year									
Current year receipts									
Conditions met - transferred to revenue	-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities									
Total operating transfers and grants revenue	62 428	62 232	64 016	65 122	65 122	65 122	56 898	56 837	60 984
Total operating transfers and grants - CTBM	-	-	-	-	-	-	-	-	-
Capital transfers and grants:									
National Government:									
Balance unspent at beginning of the year	14 627	23 881	23 299						
Current year receipts	51 111	43 109	23 012	31 731	61 731	61 731	73 218	82 020	84 088
Conditions met - transferred to revenue	65 738	43 523	44 625	31 731	61 731	61 731	73 218	82 020	84 088
Conditions still to be met - transferred to liabilities		23 468	1 686						
Provincial Government:									
Balance unspent at beginning of the year									
Current year receipts									
Conditions met - transferred to revenue	-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities									
District Municipality:									
Balance unspent at beginning of the year									
Current year receipts									
Conditions met - transferred to revenue	-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities									
Other grant providers:									
Balance unspent at beginning of the year									
Current year receipts									
Conditions met - transferred to revenue	-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities									
Total capital transfers and grants revenue	65 738	43 523	44 625	31 731	61 731	61 731	73 218	82 020	84 088
Total capital transfers and grants - CTBM	-	23 468	1 686	-	-	-	-	-	-
TOTAL TRANSFERS AND GRANTS REVENUE	128 166	105 755	108 641	96 853	126 853	126 853	130 116	138 857	145 072
TOTAL TRANSFERS AND GRANTS - CTBM	-	23 468	1 686	-	-	-	-	-	-

Table 43 MBRR Table SA21 - Transfers and grants made by the municipality

Description R thousand	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Cash Transfers to other municipalities <i>Insert description</i>									
Total Cash Transfers To Municipalities:	-	-	-	-	-	-	-	-	-
Cash Transfers to Entities/Other External Mechanisms <i>Insert description</i>									
Total Cash Transfers To Entities/Ems'	-	-	-	-	-	-	-	-	-
Cash Transfers to other Organs of State <i>Insert description</i>									
Total Cash Transfers To Other Organs Of State:	-	-	-	-	-	-	-	-	-
Cash Transfers to Organisations <i>Insert description</i>									
Total Cash Transfers To Organisations	-	-	-	-	-	-	-	-	-
Cash Transfers to Groups of Individuals <i>Insert description</i>									
Total Cash Transfers To Groups Of Individuals:	-	-	-	-	-	-	-	-	-
TOTAL CASH TRANSFERS AND GRANTS	-	-	-	-	-	-	-	-	-
Non-Cash Transfers to other municipalities <i>Insert description</i>									
Total Non-Cash Transfers To Municipalities:	-	-	-	-	-	-	-	-	-
Non-Cash Transfers to Entities/Other External Mechanisms <i>Insert description</i>									
Total Non-Cash Transfers To Entities/Ems'	-	-	-	-	-	-	-	-	-
Non-Cash Transfers to other Organs of State <i>Insert description</i>									
Total Non-Cash Transfers To Other Organs Of State:	-	-	-	-	-	-	-	-	-
Non-Cash Grants to Organisations <i>Insert description</i>									
Total Non-Cash Grants To Organisations	-	-	-	-	-	-	-	-	-
Groups of Individuals <i>Insert description</i>									
Total Non-Cash Grants To Groups Of Individuals:	-	-	-	-	-	-	-	-	-
TOTAL NON-CASH TRANSFERS AND GRANTS	-	-	-	-	-	-	-	-	-
TOTAL TRANSFERS AND GRANTS	-	-	-	-	-	-	-	-	-

Table 44 MBRR Table SA 22 - Summary councilor and staff benefits

Summary of Employee and Councillor remuneration R thousand	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
	A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)									
Basic Salaries and Wages	3 141	3 689	3 839	3 940	3 931	3 931	3 943	4 180	4 431
Pension and UIF Contributions	470	553	576	591	590	590	592	627	665
Medical Aid Contributions	103	109	109	109	110	110	118	125	132
Motor Vehicle Allowance	1 273	1 311	1 413	1 547	1 544	1 544	1 550	1 643	1 742
Cellphone Allowance	251	290	362	398	376	376	398	422	447
Housing Allowances									
Other benefits and allowances	26	28	43	59	59	59	62	66	70
Sub Total - Councillors	5 264	5 980	6 342	6 643	6 609	6 609	6 663	7 063	7 487
% increase		13.6%	6.0%	4.7%	(0.5%)	-	0.8%	6.0%	6.0%
Senior Managers of the Municipality									
Basic Salaries and Wages	1 590	2 724	2 744	4 055	3 271	3 271	4 367	4 673	5 000
Pension and UIF Contributions	340	467	602	870	644	644	900	963	1 031
Medical Aid Contributions	21	82	69	144	125	125	153	163	175
Overtime									
Performance Bonus									
Motor Vehicle Allowance	379	500	519	925	733	733	623	667	714
Cellphone Allowance							126	135	144
Housing Allowances	4								
Other benefits and allowances	19	38	135	59	50	50	61	66	70
Payments in lieu of leave									
Long service awards									
Post-retirement benefit obligations									
Sub Total - Senior Managers of Municipality	2 354	3 811	4 069	6 053	4 822	4 822	6 230	6 666	7 133
% increase		61.9%	6.8%	48.8%	(20.3%)	-	29.2%	7.0%	7.0%
Other Municipal Staff									
Basic Salaries and Wages	46 498	59 559	69 701	74 670	73 509	73 509	77 329	81 453	87 147
Pension and UIF Contributions	8 291	10 586	12 295	14 574	14 464	14 464	15 327	16 400	17 547
Medical Aid Contributions	2 084	2 479	3 152	3 651	4 012	4 012	4 552	4 870	5 212
Overtime	3 187	5 360	6 164	4 775	5 386	5 386	3 000	3 210	3 186
Performance Bonus					-	-	-	-	-
Motor Vehicle Allowance	3 229	3 278	4 971	5 507	5 367	5 367	5 911	6 324	6 767
Cellphone Allowance	-	8	10		-	-	610	653	698
Housing Allowances	171	156	132	173	262	262	278	297	318
Other benefits and allowances	1 484	1 704	5 388	2 158	2 384	2 384	2 474	2 648	2 833
Payments in lieu of leave	1 341	4 158	1 667	1 272	1 272	1 272	1 348	1 429	1 515
Long service awards	-				-	-	-	-	-
Post-retirement benefit obligations	1 520	5 558	842	5 507	5 507	5 507	5 838	6 188	6 560
Sub Total - Other Municipal Staff	67 807	92 844	104 322	112 287	112 164	112 164	116 667	123 473	131 781
% increase		36.9%	12.4%	7.6%	(0.1%)	-	4.0%	5.8%	6.7%
Total Parent Municipality	75 424	102 636	114 733	124 984	123 595	123 595	129 560	137 202	146 401
		36.1%	11.8%	8.9%	(1.1%)	-	4.8%	5.9%	6.7%
TOTAL SALARY, ALLOWANCES & BENEFITS	75 424	102 636	114 733	124 984	123 595	123 595	129 560	137 202	146 401
% increase		36.1%	11.8%	8.9%	(1.1%)	-	4.8%	5.9%	6.7%
TOTAL MANAGERS AND STAFF	70 160	96 656	108 391	118 341	116 986	116 986	122 897	130 139	138 914

Table 45 MBRR Table SA 23 - Salaries, allowances & benefits (political office bearers/ councilors/senior managers

Disclosure of Salaries, Allowances & Benefits 1.	No.	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum			1.				2.
Councillors							
Speaker	1	419 214	62 882	188 839			670 935
Chief Whip	1	202 702	30 405	102 848			335 955
Executive Mayor	1	507 134	95 669	230 295			833 098
Deputy Executive Mayor							–
Executive Committee	2	593 316	108 596	286 865			988 777
Total for all other councillors	13	2 220 934	411 548	1 201 753			3 834 235
Total Councillors	18	3 943 300	709 100	2 010 600			6 663 000
Senior Managers of the Municipality							
Municipal Manager (MM)	1	1 032 300	239 000	170 100			1 441 400
Chief Finance Officer	1	876 200	166 800	38 200			1 081 200
Manager: Cooperate Services	1	603 000	181 300	211 900			996 200
Manager: Technincal Services	1	621 500	174 400	157 200			953 100
Manager: Social and Community Services	1	631 000	151 900	124 900			907 800
Manager: Planning and Economic Development	1	603 000	139 300	108 400			850 700
<i>List of each official with packages >= senior manager</i>							–
							–
							–
							–
							–
							–
							–
							–
							–
							–
							–
Total Senior Managers of the Municipality	6	4 367 000	1 052 700	810 700	–		6 230 400
TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION	24	8 310 300	1 761 800	2 821 300	–		12 893 400

Table 46 MBRR Table SA 24 - Summary of personnel numbers

Summary of Personnel Numbers Number	2014/15			Current Year 2015/16			Budget Year 2016/17		
	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities									
Councillors (Political Office Bearers plus Other Councillors)	18	3	15	18	3	15	18	3	15
Board Members of municipal entities									
Municipal employees									
Municipal Manager and Senior Managers	6	–	6	6	–	6	6	–	6
Other Managers	16	13	2	18	17	1	18	17	1
Professionals	–	–	–	–	–	–	–	–	–
Finance									
Spatial/town planning									
Information Technology									
Roads									
Electricity									
Water									
Sanitation									
Refuse									
Other									
Technicians	39	38	2	82	80	3	82	80	3
Finance	5	5	–	42	41	1	42	41	1
Spatial/town planning				6	6	–	6	6	–
Information Technology	1	1	–	1	1	–	1	1	–
Roads	3	3	–	3	3	–	3	3	–
Electricity	8	8	–	8	8	–	8	8	–
Water	5	5	–	5	5	–	5	5	–
Sanitation	2	2	–	2	2	–	2	2	–
Refuse									
Other	15	14	2	15	14	2	15	14	2
Clerks (Clerical and administrative)	65	63	2	67	67	4	67	67	4
Service and sales workers									
Skilled agricultural and fishery workers	1	1	–	1	1	–	1	1	–
Craft and related trades									
Plant and Machine Operators	50	50	–	50	50	–	50	50	–
Elementary Occupations	156	152	–	162	162	–	162	162	–
TOTAL PERSONNEL NUMBERS	351	320	27	404	380	29	404	380	29
% Increase				15.1%	18.8%	7.4%	–	–	–
Total municipal employees headcount	264			335	327		335	327	
Finance personnel headcount	29	29		45	45	–	45	45	–
Human Resources personnel headcount	8	8		8	8	–	8	8	–

Table 47 MBRR Table SA25 - Budgeted monthly revenue and expenditure

Description R thousand	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Revenue By Source															
Property rates	2 661	2 661	2 661	2 661	2 661	2 661	2 661	2 661	2 661	2 661	2 661	2 661	31 935	33 851	35 881
Property rates - penalties & collection charges													-	-	-
Service charges - electricity revenue	10 797	8 638	8 638	8 638	8 638	8 638	8 638	8 638	8 638	8 638	8 638	10 797	107 970	118 253	127 641
Service charges - water revenue	4 666	3 733	3 733	3 733	3 733	3 733	3 733	3 733	3 733	3 733	3 733	4 666	46 660	50 333	54 299
Service charges - sanitation revenue	1 271	1 017	1 017	1 017	1 017	1 017	1 017	1 017	1 017	1 017	1 017	1 271	12 710	13 695	14 826
Service charges - refuse revenue	1 140	912	912	912	912	912	912	912	912	912	912	1 140	11 400	12 340	13 082
Service charges - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment	32	26	26	26	26	26	26	26	26	26	26	32	322	329	332
Interest earned - external investments	60	48	48	48	48	48	48	48	48	48	48	60	600	650	700
Interest earned - outstanding debtors	1 389	1 111	1 111	1 111	1 111	1 111	1 111	1 111	1 111	1 111	1 111	1 389	13 891	14 720	15 603
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines	10	8	8	8	8	8	8	8	8	8	8	10	100	120	140
Licences and permits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Agency services	390	312	312	312	312	312	312	312	312	312	312	390	3 900	4 000	4 200
Transfers recognised - operational	20 606	4 214	4 214	4 214	22 867	4 214	4 214	4 214	19 476	4 214	4 214	(39 763)	56 898	56 837	60 984
Other revenue	682	548	545	545	545	545	545	545	545	545	545	682	6 819	7 257	7 745
Gains on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and	43 704	23 228	23 225	23 225	41 878	23 225	23 225	23 225	38 486	23 225	23 225	(16 665)	293 205	312 385	335 433
Expenditure By Type															
Employee related costs	9 241	9 355	9 355	9 355	9 370	9 370	9 370	9 370	9 405	9 370	9 355	19 984	122 897	130 139	138 914
Remuneration of councillors	400	533	533	533	533	533	533	533	533	533	666	800	6 663	7 063	7 487
Debt impairment	-	-	-	-	-	-	-	-	-	-	-	22 990	22 990	24 369	25 832
Depreciation & asset impairment	-	-	-	-	-	-	-	-	-	-	-	58 611	58 611	62 127	65 855
Finance charges	28	37	37	37	37	37	37	37	37	37	46	3 426	3 831	4 061	4 304
Bulk purchases	7 068	9 424	9 424	9 424	9 424	9 424	9 424	9 424	9 424	9 424	11 781	11 637	115 306	122 374	129 867
Other materials	561	744	769	774	774	774	748	765	764	748	920	1 394	9 736	10 329	10 957
Contracted services	492	656	656	656	656	656	656	656	656	656	820	984	8 200	8 692	9 214
Transfers and grants	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other expenditure	4 562	2 397	2 999	3 393	3 285	2 721	2 221	2 259	2 206	2 208	2 749	3 402	34 401	36 336	38 571
Loss on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure	22 353	23 146	23 773	24 172	24 079	23 514	22 989	23 043	23 025	22 977	26 337	123 227	382 634	405 490	430 999
Surplus/(Deficit)	21 352	81	(548)	(947)	17 799	(289)	236	181	15 461	248	(3 112)	(139 892)	(89 430)	(93 105)	(95 566)
Transfers recognised - capital	1 094	820	2 830	4 336	3 376	3 210	2 762	2 670	920	820	820	49 560	73 218	82 020	84 088
Contributions recognised - capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contributed assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	22 445	902	2 282	3 389	21 175	2 921	2 997	2 851	16 381	1 068	(2 292)	(90 332)	(16 212)	(11 085)	(11 478)
Taxation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attributable to minorities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)	22 445	902	2 282	3 389	21 175	2 921	2 997	2 851	16 381	1 068	(2 292)	(90 332)	(16 212)	(11 085)	(11 478)

Table 48 MBRR Table SA 26 - Budgeted monthly revenue and expenditure (municipal vote)

Description R thousand	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Revenue by Vote															
Vote 1 - EXECUTIVE AND COUNCIL	2 170	300	300	300	2 409	300	300	300	2 025	300	300	375	9 380	9 649	10 239
Vote 2 - BUDGET AND TREASURY	10 919	3 974	3 974	3 974	12 200	3 974	3 974	3 974	10 705	3 974	3 974	4 303	69 921	73 386	78 221
Vote 3 - SOCIAL SERVICES	3 015	1 829	1 826	2 666	3 116	2 516	2 807	2 216	2 630	1 826	1 826	4 902	31 174	38 857	40 221
Vote 4 - CORPORATE SERVICES	17	14	14	14	14	14	14	14	14	14	14	17	174	178	183
Vote 5 - TECHNICAL SERVICES	28 655	17 913	19 923	20 589	27 497	19 613	18 873	19 373	24 016	17 913	17 913	23 276	255 556	272 103	290 409
Vote 6 - PLANNING AND DEVELOPMENT	22	17	17	17	17	17	17	17	17	(17)	17	56	217	232	248
Total Revenue by Vote	44 798	24 048	26 055	27 561	45 254	26 435	25 987	25 895	39 407	24 010	24 045	32 929	366 423	394 405	419 521
Expenditure by Vote to be appropriated															
Vote 1 - EXECUTIVE AND COUNCIL	2 949	450	750	1 250	1 250	550	250	250	250	250	436	47 411	56 050	59 253	62 864
Vote 2 - BUDGET AND TREASURY	1 473	1 602	1 602	1 602	1 602	1 602	1 602	1 602	1 602	1 602	1 730	2 908	20 527	22 211	23 788
Vote 3 - SOCIAL SERVICES	3 562	3 770	3 827	3 967	3 873	3 781	3 796	3 847	3 795	3 788	3 984	16 524	58 514	62 351	66 442
Vote 4 - CORPORATE SERVICES	1 288	1 434	1 434	1 434	1 434	1 434	1 434	1 434	1 434	1 434	1 580	2 350	18 125	19 369	20 697
Vote 5 - TECHNICAL SERVICES	12 296	15 077	15 336	15 107	15 107	15 336	15 092	15 092	15 092	15 092	17 759	52 812	219 198	231 385	245 542
Vote 6 - PLANNING AND DEVELOPMENT	784	813	824	811	813	811	815	818	852	811	847	1 223	10 220	10 920	11 667
Total Expenditure by Vote	22 353	23 146	23 773	24 172	24 079	23 514	22 989	23 043	23 025	22 977	26 337	123 227	382 634	405 490	430 999
Surplus/(Deficit) before assoc.	22 445	902	2 282	3 389	21 175	2 921	2 997	2 851	16 381	1 034	(2 292)	(90 297)	(16 212)	(11 085)	(11 478)
Taxation													-	-	-
Attributable to minorities													-	-	-
Share of surplus/ (deficit) of associate													-	-	-
Surplus/(Deficit)	22 445	902	2 282	3 389	21 175	2 921	2 997	2 851	16 381	1 034	(2 292)	(90 297)	(16 212)	(11 085)	(11 478)

Table 49 MBRR Table SA 27 - Budgeted monthly revenue and expenditure (standard classification)

Description	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Revenue - Standard															
<i>Governance and administration</i>	13 127	4 305	4 305	4 305	14 639	4 305	4 305	4 305	12 760	4 305	4 305	4 716	79 680	83 417	88 847
Executive and council	2 170	300	300	300	2 409	300	300	300	2 025	300	300	375	9 380	9 649	10 239
Budget and treasury office	10 919	3 974	3 974	3 974	12 200	3 974	3 974	3 974	10 705	3 974	3 974	4 303	69 921	73 386	78 221
Corporate services	38	30	30	30	30	30	30	30	30	30	30	38	378	382	387
<i>Community and public safety</i>	332	266	266	1 106	696	956	1 247	656	366	266	266	2 952	9 375	5 026	5 275
Community and social services	36	29	29	29	29	29	29	29	29	29	29	36	358	379	397
Sport and recreation	0	0	0	840	430	690	982	390	100	0	0	2 620	6 053	1 465	1 465
Public safety	296	237	237	237	237	237	237	237	237	237	237	296	2 965	3 182	3 412
Housing													-	-	-
Health													-	-	-
<i>Economic and environmental services</i>	518	542	1 469	1 634	1 184	799	539	539	539	539	539	1 557	10 395	8 698	10 038
Planning and development	128	102	102	102	102	102	102	102	102	102	102	128	1 281	1 286	1 358
Road transport	390	439	1 366	1 532	1 082	696	436	436	436	436	436	1 429	9 114	7 412	8 680
Environmental protection													-	-	-
<i>Trading services</i>	30 820	18 936	20 016	20 516	28 734	20 376	19 896	20 396	25 742	18 936	18 936	23 670	266 972	297 264	315 362
Electricity	14 039	8 854	9 934	10 434	13 744	10 294	9 814	10 314	11 644	8 854	8 854	11 067	127 843	145 396	155 669
Water	11 605	7 817	7 817	7 817	9 971	7 817	7 817	7 817	9 579	7 817	7 817	9 771	103 463	103 190	108 588
Waste water management	2 884	1 017	1 017	1 017	2 911	1 017	1 017	1 017	2 567	1 017	1 017	1 272	17 770	18 850	20 362
Waste management	2 292	1 248	1 248	1 248	2 108	1 248	1 248	1 248	1 952	1 248	1 248	1 560	17 896	29 828	30 742
<i>Other</i>													-	-	-
Total Revenue - Standard	44 798	24 048	26 055	27 561	45 254	26 435	25 987	25 895	39 407	24 045	24 045	32 895	366 423	394 405	419 521
Expenditure - Standard															
<i>Governance and administration</i>	5 721	3 498	3 798	4 298	4 298	3 598	3 298	3 298	3 298	3 298	3 760	52 684	94 849	100 989	107 513
Executive and council	2 949	450	750	1 250	1 250	550	250	250	250	250	436	47 411	56 050	59 253	62 864
Budget and treasury office	1 473	1 602	1 602	1 602	1 602	1 602	1 602	1 602	1 602	1 602	1 730	2 908	20 527	22 211	23 788
Corporate services	1 299	1 446	1 446	1 446	1 446	1 446	1 446	1 446	1 446	1 446	1 593	2 365	18 271	19 525	20 862
<i>Community and public safety</i>	2 091	2 228	2 260	2 327	2 334	2 252	2 254	2 265	2 256	2 242	2 386	7 634	32 530	34 668	36 947
Community and social services	947	1 083	1 094	1 093	1 083	1 083	1 094	1 083	1 083	1 083	1 218	4 415	16 357	17 399	18 509
Sport and recreation	583	577	582	600	615	592	592	615	592	592	594	2 318	8 852	9 443	10 074
Public safety	562	568	584	635	637	578	568	568	582	568	574	901	7 321	7 825	8 364
Housing													-	-	-
Health													-	-	-
<i>Economic and environmental services</i>	2 461	2 678	2 679	2 676	2 676	2 664	2 680	2 688	2 715	2 681	2 775	18 381	47 754	49 358	52 591
Planning and development	867	898	909	896	898	896	900	903	937	896	935	1 350	11 284	11 989	12 810
Road transport	1 594	1 780	1 770	1 780	1 779	1 769	1 780	1 785	1 778	1 785	1 841	17 030	36 470	37 370	39 781
Environmental protection													-	-	-
<i>Trading services</i>	12 080	14 742	15 036	14 870	14 770	14 999	14 757	14 792	14 755	14 755	17 415	44 529	207 501	220 475	233 948
Electricity	8 352	10 652	10 652	10 652	10 652	10 652	10 652	10 652	10 652	10 652	12 952	17 489	134 663	142 924	151 740
Water	2 124	2 403	2 632	2 403	2 403	2 632	2 403	2 403	2 403	2 403	2 682	10 838	37 728	40 103	42 628
Waste water management	555	568	598	598	598	598	583	583	583	583	596	8 073	14 517	15 528	16 248
Waste management	1 049	1 119	1 154	1 217	1 117	1 117	1 119	1 154	1 117	1 117	1 186	8 128	20 594	21 920	23 333
<i>Other</i>													-	-	-
Total Expenditure - Standard	22 353	23 146	23 773	24 172	24 079	23 514	22 989	23 043	23 025	22 977	26 337	123 227	382 634	405 490	430 999
Surplus/(Deficit) before assoc.	22 445	902	2 282	3 389	21 175	2 921	2 997	2 851	16 381	1 068	(2 292)	(90 332)	(16 212)	(11 085)	(11 478)
Share of surplus/ (deficit) of associate													-	-	-
Surplus/(Deficit)	22 445	902	2 282	3 389	21 175	2 921	2 997	2 851	16 381	1 068	(2 292)	(90 332)	(16 212)	(11 085)	(11 478)

Table 50 MBRR Table SA28 - Budgeted monthly capital expenditure (municipal vote)

Description R thousand	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Multi-year expenditure to be appropriated															
Vote 1 - EXECUTIVE AND COUNCIL												-	-	-	-
Vote 2 - BUDGET AND TREASURY												-	-	-	-
Vote 3 - SOCIAL SERVICES		336	336	336	420	420	378	378	378	378	420	420	4 200	16 612	16 612
Vote 4 - CORPORATE SERVICES												-	-	-	-
Vote 5 - TECHNICAL SERVICES		4 553	4 553	4 553	5 691	5 691	5 122	5 122	5 122	5 122	5 691	5 691	56 915	65 408	67 476
Vote 6 - PLANNING AND DEVELOPMENT												-	-	-	-
Capital multi-year expenditure sub-total	-	4 889	4 889	4 889	6 111	6 111	5 500	5 500	5 500	5 500	6 111	6 111	61 115	82 020	84 088
Single-year expenditure to be appropriated															
Vote 1 - EXECUTIVE AND COUNCIL												-	-	-	-
Vote 2 - BUDGET AND TREASURY												-	-	-	-
Vote 3 - SOCIAL SERVICES		484	484	484	605	605	545	545	545	545	605	605	6 051	-	-
Vote 4 - CORPORATE SERVICES												-	-	-	-
Vote 5 - TECHNICAL SERVICES		484	484	484	605	605	545	545	545	545	605	605	6 052	-	-
Vote 6 - PLANNING AND DEVELOPMENT												-	-	-	-
Capital single-year expenditure sub-total	-	968	968	968	1 210	1 210	1 089	1 089	1 089	1 089	1 210	1 210	12 103	-	-
Total Capital Expenditure	-	5 857	5 857	5 857	7 322	7 322	6 590	6 590	6 590	6 590	7 322	7 322	73 218	82 020	84 088

Table 51 MBRR Table SA 29 - Budgeted monthly capital expenditure (standard classification)

Description R thousand	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Capital Expenditure - Standard															
<i>Governance and administration</i>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Executive and council													-	-	-
Budget and treasury office													-	-	-
Corporate services													-	-	-
<i>Community and public safety</i>	-	484	484	484	605	605	545	545	545	545	605	605	6 051	1 463	1 463
Community and social services													-	-	-
Sport and recreation		484	484	484	605	605	545	545	545	545	605	605	6 051	1 463	1 463
Public safety													-	-	-
Housing													-	-	-
Health													-	-	-
<i>Economic and environmental services</i>	-	308	308	308	385	385	346	346	346	346	385	385	3 846	3 408	4 476
Planning and development													-	-	-
Road transport		308	308	308	385	385	346	346	346	346	385	385	3 846	3 408	4 476
Environmental protection													-	-	-
<i>Trading services</i>	-	5 066	5 066	5 066	6 332	6 332	5 699	5 699	5 699	5 699	6 332	6 332	63 321	77 149	78 149
Electricity		645	645	645	807	807	726	726	726	726	807	807	8 069	15 000	15 000
Water		4 084	4 084	4 084	5 105	5 105	4 595	4 595	4 595	4 595	5 105	5 105	51 052	47 000	48 000
Waste water management		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste management		336	336	336	420	420	378	378	378	378	420	420	4 200	15 149	15 149
<i>Other</i>													-	-	-
Total Capital Expenditure - Standard	-	5 857	5 857	5 857	7 322	7 322	6 590	6 590	6 590	6 590	7 322	7 322	73 218	82 020	84 088
Funded by:															
National Government		5 857	5 857	5 857	7 322	7 322	6 590	6 590	6 590	6 590	7 322	7 322	73 218	82 020	84 088
Provincial Government													-	-	-
District Municipality													-	-	-
Other transfers and grants													-	-	-
Transfers recognised - capital	-	5 857	5 857	5 857	7 322	7 322	6 590	6 590	6 590	6 590	7 322	7 322	73 218	82 020	84 088
Public contributions & donations													-	-	-
Borrowing													-	-	-
Internally generated funds													-	-	-
Total Capital Funding	-	5 857	5 857	5 857	7 322	7 322	6 590	6 590	6 590	6 590	7 322	7 322	73 218	82 020	84 088

Table 52 MBRR Table SA30 - Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand															
Cash Receipts By Source													1		
Property rates	2 129	2 129	2 129	2 129	2 129	2 129	2 129	2 129	2 129	2 129	2 129	2 129	25 548	27 419	29 422
Property rates - penalties & collection charges													—		
Service charges - electricity revenue	7 882	7 882	7 882	7 882	7 882	7 882	7 882	7 882	7 882	7 882	7 882	7 882	94 586	104 545	113 621
Service charges - water revenue	3 111	3 111	3 111	3 111	3 111	3 111	3 111	3 111	3 111	3 111	3 111	3 111	37 328	40 770	44 525
Service charges - sanitation revenue	847	847	847	847	847	847	847	847	847	847	847	847	10 168	11 093	12 157
Service charges - refuse revenue	760	760	760	760	760	760	760	760	760	760	760	760	9 120	9 995	10 728
Service charges - other													—		
Rental of facilities and equipment	25	25	25	25	25	25	25	25	25	25	25	25	306	316	319
Interest earned - external investments	50	50	50	50	50	50	50	50	50	50	50	50	600	650	700
Interest earned - outstanding debtors	347	347	347	347	347	347	347	347	347	347	347	347	4 167	4 416	4 681
Dividends received													—		
Fines	7	7	7	7	7	7	7	7	7	7	7	7	80	97	115
Licences and permits													—		
Agency services	325	325	325	325	325	325	325	325	325	325	325	325	3 900	4 000	4 200
Transfer receipts - operational	18 409	696		341	20 308	341			16 803				56 898	56 837	60 984
Other revenue	568	568	568	568	568	568	568	568	568	568	568	568	6 819	7 257	7 745
Cash Receipts by Source	34 461	16 748	16 052	16 393	36 360	16 393	16 052	16 052	32 855	16 052	16 052	16 052	249 520	267 395	289 197
Other Cash Flows by Source															
Transfer receipts - capital	12 203		12 203	12 203	12 203		12 203		12 203			0	73 218	82 020	84 088
Contributions recognised - capital & Contributed assets													—		
Proceeds on disposal of PPE													—		
Short term loans													—		
Borrowing long term/refinancing													—		
Increase (decrease) in consumer deposits													—		
Decrease (increase) in non-current debtors													—		
Decrease (increase) other non-current receivables													—		
Decrease (increase) in non-current investments													—		
Total Cash Receipts by Source	46 664	16 748	28 255	28 596	48 563	16 393	28 255	16 052	45 058	16 052	16 052	16 052	322 738	349 416	373 285
Cash Payments by Type															
Employee related costs	9 450	9 450	9 450	9 450	9 450	9 450	9 450	9 450	9 450	9 450	9 450	9 450	113 397	120 071	128 223
Remuneration of councillors	555	555	555	555	555	555	555	555	555	555	555	555	6 663	7 063	7 487
Finance charges													651	488	517
Bulk purchases - Electricity	5 641	5 641	5 641	5 641	5 641	5 641	5 641	5 641	5 641	5 641	5 641	6 225	68 276	75 866	85 325
Bulk purchases - Water & Sewer	719	719	719	719	719	719	719	719	719	719	719	719	8 624	9 141	9 690
Other materials	795	795	795	795	795	795	795	795	795	795	795	795	9 541	10 122	10 957
Contracted services	683	683	683	683	683	683	683	683	683	683	683	683	8 200	8 692	9 214
Transfers and grants - other municipalities													—		
Transfers and grants - other													—		
Other expenditure	2 781	2 781	2 781	2 781	2 781	2 781	2 781	2 781	2 781	2 781	2 781	2 781	33 369	35 246	37 414
Cash Payments by Type	20 624	20 624	20 624	20 624	20 624	20 624	20 624	20 624	20 624	20 624	20 624	21 858	248 721	266 689	288 826
Other Cash Flows/Payments by Type															
Capital assets		5 857	5 857	5 857	7 322	7 322	6 590	6 590	6 590	6 590	7 322	7 322	73 218	82 020	84 088
Repayment of borrowing			135						143				—	151	—
Other Cash Flows/Payments													—		
Total Cash Payments by Type	20 624	26 481	26 616	26 481	27 946	27 946	27 214	27 214	27 357	27 214	27 946	29 180	322 217	348 860	372 914
NET INCREASE/(DECREASE) IN CASH HELD	26 040	(9 734)	1 638	2 115	20 617	(11 553)	1 041	(11 162)	17 701	(11 162)	(11 894)	(13 128)	521	555	371
Cash/cash equivalents at the month/year begin:	14 988	41 027	31 294	32 932	35 047	55 664	44 112	45 153	33 991	51 692	40 531	28 637	14 988	15 508	16 064
Cash/cash equivalents at the month/year end:	41 027	31 294	32 932	35 047	55 664	44 112	45 153	33 991	51 692	40 531	28 637	15 508	15 508	16 064	16 435

Table 53 MBRR Table SA32 – List of external mechanisms

External mechanism Name of organisation	Yrs/ Mths	Period of agreement 1.	Service provided	Expiry date of service delivery agreement or contract	Monetary value of agreement 2.
		Number			R thousand
Standard Bank	Yrs	5	Banking Services	30/06/2016	Various Rates Approved
Pay day System	Yrs	3	Payroll system	30/06/2016	89
ABSA vehicle solution			Fleet management	31/12/2015	Various as per contract

Table 54 MBRR Table SA33 – Contracts having future budgetary implications

Description	Preceding Years	Current Year 2015/16	2016/17 Medium Term Revenue & Expenditure Framework			Forecast 2019/20	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25	Forecast 2025/26	Total Contract Value
R thousand	Total	Original Budget	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate
Parent Municipality:													
<u>Revenue Obligation By Contract</u>													
<i>Contract 1</i>													-
<i>Contract 2</i>													-
<i>Contract 3 etc</i>													-
Total Operating Revenue Implication	-	-	-	-	-	-	-	-	-	-	-	-	-
<u>Expenditure Obligation By Contract</u>													
<i>Security Services</i>		6 900	6 500	6 890	7 303								27 593
<i>SITA</i>		271	271	287	305								1 134
<i>Munsoft</i>		1 749	1 805	1 913	2 028								
<i>Legogo IT & Projects - Valuation Roll</i>		431	431	457	484								
<i>Standard Bank - Bank Charges</i>		710	753	798	846								3 108
Total Operating Expenditure Implication	-	10 061	9 760	10 346	10 966	-	-	-	-	-	-	-	41 133
<u>Capital Expenditure Obligation By Contract</u>													
<i>Contract 1</i>													-
<i>Contract 2</i>													-
<i>Contract 3 etc</i>													-
Total Capital Expenditure Implication	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Parent Expenditure Implication	-	10 061	9 760	10 346	10 966	-	-	-	-	-	-	-	41 133

Table 55 MBRR Table SA 34a - Capital expenditure on new assets by asset class

Description R thousand	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Capital expenditure on new assets by Asset Class/Sub-class									
Infrastructure	12 420	7 436	5 287	10 500	10 500	10 500	44 621	42 500	44 500
Infrastructure - Road transport	-	-	-	-	-	-	-	-	-
Roads, Pavements & Bridges									
Storm water									
Infrastructure - Electricity	5 385	7 436	5 287	10 500	10 500	10 500	69	2 000	3 000
Generation									
Transmission & Reticulation		7 321	5 287	10 000	10 000	10 000			
Street Lighting	5 385	115		500	500	500	69	2 000	3 000
Infrastructure - Water	-	-	-	-	-	-	44 552	40 500	41 500
Dams & Reservoirs							26 500	17 000	17 500
Water purification									
Reticulation							18 052	23 500	24 000
Infrastructure - Sanitation	7 035	-	-	-	-	-	-	-	-
Reticulation									
Sewerage purification	7 035								
Infrastructure - Other	-	-	-	-	-	-	-	-	-
Waste Management									
Transportation									
Gas									
Other									
Community	97	450	-	3 131	3 131	3 131	10 251	16 612	16 612
Parks & gardens				1 030	1 030	1 030			
Sportsfields & stadia		450		2 102	2 102	2 102	6 051	1 463	1 463
Swimming pools									
Community halls	97		-						
Libraries									
Recreational facilities									
Fire, safety & emergency									
Security and policing									
Buses									
Clinics									
Museums & Art Galleries									
Cemeteries									
Social rental housing									
Other							4 200	15 149	15 149
Other assets	166	688	2 160	205	288	288	-	-	-
General vehicles			658	150	190	190			
Specialised vehicles	-	-	-	-	-	-	-	-	-
Plant & equipment	110	122	756						
Computers - hardware/equipment	30	109	208		40	40			
Furniture and other office equipment	26	61	200	55	58	58			
Abattoirs									
Markets									
Civic Land and Buildings		-							
Other Buildings		395	162						
Other Land									
Surplus Assets - (Investment or Inventory)									
Other		-	176						
Intangibles	-	-	-	-	-	-	-	-	-
Computers - software & programming									
Other (list sub-class)									
Total Capital Expenditure on new assets	12 683	8 573	7 447	13 836	13 919	13 919	54 871	59 112	61 112

Table 56 MBRR Table SA 34b - Capital expenditure on the renewal of existing assets by asset class

Description R thousand	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Capital expenditure on renewal of existing assets by Asset Class/Sub-class									
Infrastructure	19 053	32 421	34 391	17 800	48 750	48 750	18 346	22 908	22 976
Infrastructure - Road transport	13 893	22 534	12 332	2 931	17 737	17 737	3 846	3 408	4 476
<i>Roads, Pavements & Bridges</i>	13 893	22 534	12 332	2 931	17 737	17 737	3 846	3 408	4 476
<i>Storm water</i>									
Infrastructure - Electricity	943	9 629	-	-	-	-	8 000	13 000	12 000
<i>Generation</i>									
<i>Transmission & Reticulation</i>		9 629					8 000	13 000	12 000
<i>Street Lighting</i>	943								
Infrastructure - Water	950	-	3 678	-	6 200	6 200	6 500	6 500	6 500
<i>Dams & Reservoirs</i>					6 200	6 200	5 500	3 000	1 500
<i>Water purification</i>			3 378						
<i>Reticulation</i>	950		300				1 000	3 500	5 000
Infrastructure - Sanitation	3 267	258	18 381	14 869	24 813	24 813	-	-	-
<i>Reticulation</i>	3 267		643						
<i>Sewerage purification</i>		258	17 737	14 869	24 813	24 813			
Infrastructure - Other	-	-	-	-	-	-	-	-	-
<i>Waste Management</i>									
<i>Transportation</i>									
<i>Gas</i>									
<i>Other</i>									
Community	2 782	2 662	1 462	300	300	300	-	-	-
Parks & gardens	2 037	1 908	208	300	300	300			
Sportsfields & stadia			1 254						
Swimming pools									
Community halls	745	754	-						
Libraries									
Recreational facilities									
Fire, safety & emergency									
Security and policing									
Buses									
Clinics									
Museums & Art Galleries									
Cemeteries									
Social rental housing									
Other									
Other assets	-	-	121	-	-	-	-	-	-
General vehicles									
Specialised vehicles	-	-	-	-	-	-	-	-	-
Plant & equipment									
Computers - hardware/equipment									
Furniture and other office equipment									
Abattoirs									
Markets									
Civic Land and Buildings									
Other Buildings			121						
Other Land									
Surplus Assets - (Investment or Inventory)									
Other									
Intangibles	-	-	-	-	-	-	-	-	-
Computers - software & programming									
Other (<i>list sub-class</i>)									
Total Capital Expenditure on renewal of existing	21 835	35 083	35 974	18 100	49 050	49 050	18 346	22 908	22 976

Table 57 MBRR Table SA34c - Repair and maintenance expenditure by asset class

Description R thousand	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Repairs and maintenance expenditure by Asset Class/Sub-class									
Infrastructure	20 204	29 853	34 618	34 328	33 989	33 989	34 820	37 232	39 569
Infrastructure - Road transport	5 037	8 597	9 403	9 467	8 914	8 914	10 750	11 492	12 285
Roads, Pavements & Bridges	5 037	8 597	9 403	9 467	8 914	8 914	10 750	11 492	12 285
Storm water									
Infrastructure - Electricity	5 011	7 152	9 046	9 206	9 243	9 243	8 983	9 548	10 193
Generation									
Transmission & Reticulation	4 972	7 094	8 998	9 141	9 178	9 178	8 815	9 369	10 003
Street Lighting	40	58	48	65	65	65	169	179	190
Infrastructure - Water	7 465	10 442	11 856	11 578	11 618	11 618	11 057	11 810	12 613
Dams & Reservoirs	454	296	169	180	180	180	180	191	202
Water purification									
Reticulation	7 011	10 145	11 687	11 398	11 438	11 438	10 877	11 619	12 411
Infrastructure - Sanitation	2 690	3 662	4 313	4 077	4 214	4 214	4 030	4 383	4 477
Reticulation									
Sewerage purification	2 690	3 662	4 313	4 077	4 214	4 214	4 030	4 383	4 477
Infrastructure - Other	-	-	-	-	-	-	-	-	-
Waste Management									
Transportation									
Gas									
Other									
Community	224	140	214	273	196	196	196	208	221
Parks & gardens									
Sportsfields & stadia	175	135	206	139	100	100	100	106	112
Swimming pools									
Community halls			6	42	26	26	26	28	29
Libraries									
Recreational facilities									
Fire, safety & emergency									
Security and policing									
Buses									
Clinics									
Museums & Art Galleries									
Cemeteries									
Social rental housing									
Other	49	5	2	91	70	70	70	74	79
Other assets	744	1 616	1 266	3 299	2 959	2 959	3 371	3 581	3 805
General vehicles									
Specialised vehicles	-	-	-	-	-	-	-	-	-
Plant & equipment		627	460	895	749	749	932	996	1 065
Computers - hardware/equipment									
Furniture and other office equipment		37	90	109	97	97	96	102	108
Abattoirs									
Markets									
Civic Land and Buildings	105	300	778	662	512	512	542	575	609
Other Buildings									
Other Land	639	542	(155)	1 500	1 500	1 500	1 700	1 802	1 910
Surplus Assets - (Investment or Inventory)									
Other		111	93	133	100	100	100	106	112
Intangibles	-	-	-	-	-	-	-	-	-
Computers - software & programming									
Other (list sub-class)									
Total Repairs and Maintenance Expenditure	21 172	31 610	36 098	37 900	37 144	37 144	38 387	41 022	43 594
R&M as a % of PPE	2.6%	3.6%	4.0%	4.2%	4.1%	4.1%	4.2%	4.4%	4.6%
R&M as % Operating Expenditure	9.5%	10.7%	11.1%	11.3%	10.3%	10.3%	10.0%	10.1%	10.1%

Table 58 MBRR Table SA 34d – Depreciation by asset class

Description R thousand	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Depreciation by Asset Class/Sub-class									
Infrastructure	17 579	28 349	28 687	22 596	37 683	37 683	33 450	35 457	37 584
Infrastructure - Road transport	8 112	11 375	12 284	10 216	13 513	13 513	14 324	15 183	16 094
<i>Roads, Pavements & Bridges</i>	8 112	11 375	12 284	10 216	13 513	13 513	14 324	15 183	16 094
<i>Storm water</i>									
Infrastructure - Electricity	2 290	3 714	3 795	3 169	4 175	4 175	4 426	4 691	4 973
<i>Generation</i>									
<i>Transmission & Reticulation</i>	2 290	3 714	3 795	3 169	4 175	4 175	4 426	4 691	4 973
<i>Street Lighting</i>									
Infrastructure - Water	4 906	6 491	6 369	6 100	7 005	7 005	7 426	7 871	8 344
<i>Dams & Reservoirs</i>									
<i>Water purification</i>									
<i>Reticulation</i>	4 906	6 491	6 369	6 100	7 005	7 005	7 426	7 871	8 344
Infrastructure - Sanitation	2 271	6 769	6 239	3 110	6 863	6 863	7 275	7 711	8 174
<i>Reticulation</i>									
<i>Sewerage purification</i>	2 271	6 769	6 239	3 110	6 863	6 863	7 275	7 711	8 174
Infrastructure - Other	–	–	–	–	6 126	6 126	–	–	–
<i>Waste Management</i>					6 126	6 126			
<i>Transportation</i>									
<i>Gas</i>									
<i>Other</i>									
Community	2 528	1 985	15 683	5 777	3 777	3 777	22 469	24 122	25 830
Parks & gardens									
Sportsfields & stadia									
Swimming pools									
Community halls	2 220	1 143	619	4 396	2 396	2 396	2 540	2 693	2 854
Libraries									
Recreational facilities	308	842	668	1 381	1 381	1 381	1 464	1 552	1 645
Fire, safety & emergency									
Security and policing									
Buses									
Clinics									
Museums & Art Galleries									
Cemeteries									
Social rental housing									
Other			14 395				18 466	19 878	21 331
Other assets	3 442	11 750	5 381	4 066	13 480	13 480	2 391	2 230	2 104
General vehicles	332	391	479	440	440	440	61	65	69
Specialised vehicles	–	–	–	–	–	–	–	–	–
Plant & equipment		183	244						
Computers - hardware/equipment									
Furniture and other office equipment	110	1 638	1 712	129	379	379			
Abattoirs									
Markets									
Civic Land and Buildings		9 161	2 477						
Other Buildings		258	304						
Other Land									
Surplus Assets - (Investment or Inventory)									
Other	2 999	120	166	3 497	12 661	12 661	2 330	2 166	2 035
Intangibles	–	–	269	–	300	300	300	318	337
Computers - software & programming			269		300	300	300	318	337
Other (<i>list sub-class</i>)									
Total Depreciation	23 549	42 084	50 021	32 439	55 240	55 240	58 611	62 127	65 855

Table 59 MBRR Table SA 35 - Future financial implications of the Capital budget

Vote Description R thousand	2016/17 Medium Term Revenue & Expenditure Framework			Forecasts			
	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	Forecast 2019/20	Forecast 2020/21	Forecast 2021/22	Present value
Capital expenditure							
Vote 1 - EXECUTIVE AND COUNCIL	-	-	-				
Vote 2 - BUDGET AND TREASURY	-	-	-				
Vote 3 - SOCIAL SERVICES	10 251	16 612	16 612				
Vote 4 - CORPORATE SERVICES	-	-	-				
Vote 5 - TECHNICAL SERVICES	62 967	65 408	67 476				
Vote 6 - PLANNING AND DEVELOPMENT	-	-	-				
Total Capital Expenditure	73 218	82 020	84 088	-	-	-	-
Future operational costs by vote							
Vote 1 - EXECUTIVE AND COUNCIL	56 050	59 253	62 864	67 264	71 300	75 578	80 112
Vote 2 - BUDGET AND TREASURY	20 527	22 211	23 788	25 453	26 980	28 599	30 315
Vote 3 - SOCIAL SERVICES	58 514	62 351	66 442	71 093	75 358	79 880	84 672
Vote 4 - CORPORATE SERVICES	18 125	19 369	20 697	22 146	23 475	24 883	26 376
Vote 5 - TECHNICAL SERVICES	219 198	231 385	245 542	262 730	278 494	295 203	312 915
Vote 6 - PLANNING AND DEVELOPMENT	10 220	10 920	11 667	12 484	13 233	14 027	14 869
Total future operational costs	382 634	405 490	430 999	461 169	488 839	518 170	549 260
Future revenue by source							
Property rates	31 935	33 851	35 881	38 034	40 316	42 735	45 299
Property rates - penalties & collection charges				-	-	-	-
Service charges - electricity revenue	107 970	118 253	127 641	136 576	146 136	156 366	167 311
Service charges - water revenue	46 660	50 333	54 299	58 100	62 167	66 518	71 175
Service charges - sanitation revenue	12 710	13 695	14 826	15 864	16 974	18 162	19 434
Service charges - refuse revenue	11 400	12 340	13 082	13 998	14 978	16 027	17 148
Service charges - other				-	-	-	-
Rental of facilities and equipment	322	329	332	352	373	396	419
Interest earned - external investments	600	650	700	742	787	834	884
Interest earned - outstanding debtors	13 891	14 720	15 603	16 539	17 532	18 583	19 698
Fines	100	120	140	148	157	167	177
Agency services	3 900	4 000	4 200	4 452	4 719	5 002	5 302
Transfers recognised - operational	56 898	56 837	60 984	64 643	68 521	72 632	76 990
Other revenue	6 819	7 257	7 745	8 210	8 703	9 225	9 778
Transfers recognised - capital	73 218	82 020	84 088				
<i>List other revenues sources if applicable</i>							
<i>List entity summary if applicable</i>							
Total future revenue	366 423	394 405	419 521	357 658	381 362	406 647	433 616
Net Financial Implications	89 430	93 105	95 566	103 511	107 477	111 523	115 643

Table 60 MBRR Table SA 36 - Detailed capital budget

Municipal Vote/Capital project	Program/Project description	Project number	IDP Goal code	Individually Approved (Yes/No)	Asset Class	Asset Sub-Class	GPS co-ordinates	Total Project Estimate	Prior year outcomes		2016/17 Medium Term Revenue & Expenditure Framework			Project information	
									Audited Outcome 2014/15	Current Year 2015/16 Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	Ward location	New or renewal
R thousand			2	6	3	3	5								
Parent municipality: <i>List all capital projects grouped by Municipal Vote</i>															
Refuse Removal	Development of Landfill Site	MLM/BSW1	A	Yes	Community	Other					4 200	15 149	15 149		New
	Mini Mass Containers		A	Yes	Other Assets	Other		176							
Municipal Buildings	Security Equipment		E	Yes	Other Assets	Plant & equipment		103							New
	Cutlery		E	Yes	Other Assets	Furniture and other office equipment		2							New
Parks and Recreation	Development of Leseding Sport Facility	MLM/BSS1	A	Yes	Community	Sportfields & Stadia					4 833				New
	Mabaleng Development of Park & Fenc	MLM/BSP1	A	Yes	Community	Recreational facilities					1 217				New
	Development of Phagameng Park (Shirinda)		A	Yes	Community	Recreational facilities						1 463	1 463		New
	Tools and Equipment		A	Yes	Other Assets	Plant & equipment		226							New
	Development of Modimolle Parks		A	Yes	Community	Parks & gardens		208							New
	Development of Modimolle Sports Facility Ext 6		A	Yes	Community	Sportfields & stadia		1 254							New
	Development of Leseding Sports Facility Ext 1		A	Yes	Community	Sportfields & stadia				2 102					New
	Fencing of Mabaleng Park		A	Yes	Community	Parks & gardens				300					New
	Development of Phagameng Park (Railway)		A	Yes	Community	Parks & gardens				1 030					New
	Tractor		A	Yes	Other Assets	General vehicles				190					New
Human Resource	Furniture		G	Yes	Other Assets	Furniture and other office equipment				3					New
Administration	Office Equipment		F	Yes	Other Assets	Furniture and other office equipment		57	25						New
Office Bearers	Mayoral Car				Other Assets	General vehicles		658							New
Information Technology	Connectivity of Remote sites		F	Yes	Other Assets	Other Buildings		126							New
	IT Equipment		F	Yes	Other Assets	Computers - hardware/equipment		201	40						New
	Furniture		F	Yes	Other Assets	Furniture and other office equipment		8							New
Budget and Treasury	Office Equipment		D	Yes	Other Assets	Furniture and other office equipment		96	30						New
	Computers		D	Yes	Other Assets	Computers - hardware/equipment		22							New

Municipal Vote/Capital project	Program/Project description	Project number	IDP Goal code	Individually Approved (Yes/No)	Asset Class	Asset Sub-Class	GPS co-ordinates	Total Project Estimate	Prior year outcomes		2016/17 Medium Term Revenue & Expenditure Framework			Project information	
									Audited Outcome 2014/15	Current Year 2015/16 Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	Ward location	New or renewal
R thousand			2	6	3	3	5								
Parent municipality:															
Town Planning	Airconditioners		C	Yes	Other Assets	Other Buildings			36						New
Public Works	Paving of Streets - Leseding Ext 1 & 2	MLM/BSR1	E	Yes	Infrastructure - Road transport	Roads, Pavements & Bridges				4 469	1 923	1 704	2 238		Renewal
	Phagameng Streets and Stormwater Equipment	MLM/BSR2	E	Yes	Infrastructure - Road transport	Roads, Pavements & Bridges				4 469	1 923	1 704	2 238	9	Renewal
	Guard house - Mabatlane substation		E	Yes	Other Assets	Plant & equipment			427						New
	Limpopo Low Level Bridge		E	Yes	Other Assets	Other Buildings			27						New
	Modimolle Paving of Streets		E	Yes	Infrastructure - Road transport	Roads, Pavements & Bridges			228	2 407					Renewal
	Paving of Streets - Leseding Ext 2		E	Yes	Infrastructure - Road transport	Roads, Pavements & Bridges			1 881						Renewal
	Phagameng str phase 4		E	Yes	Infrastructure - Road transport	Roads, Pavements & Bridges			982						Renewal
	Rehabilitation of Lillian Ngoyi road & low level bridge		E	Yes	Infrastructure - Road transport	Roads, Pavements & Bridges			2 154						Renewal
	Phagameng str phase 4		E	Yes	Infrastructure - Road transport	Roads, Pavements & Bridges			3 809	4 091					Renewal
	Renovations of Office Space		E	Yes	Infrastructure - Road transport	Roads, Pavements & Bridges			3 277					5	Renewal
	Phagameng streets and stormwater Ward 7		E	Yes	Other Assets	Other Buildings			94						Renewal
			E	Yes	Infrastructure - Road transport	Roads, Pavements & Bridges				2 300					Renewal
Project Management Unit	Computers	PMU02	E	Yes	Other Assets	Computers - hardware/equipment			6						New
	Furniture	PMU01	E	Yes	Other Assets	Furniture and other office equipment			14						New
Sanitation	Modimolle waste water treatment works		E	Yes	Infrastructure - Sanitation	Reticulation	E 28°25'41" S24°42'41"		17 737	24 813					Renewal
	Mabatlane Sewer Reticulation Ext 2 & 4	WAT01	E	Yes	Infrastructure - Sanitation	Reticulation			151						Renewal
	Phagameng Ext 11 Sanitation Reticulations		E	Yes	Infrastructure - Sanitation	Reticulation			170						Renewal
	Mabatlane/Leseding Ext 3 Sanitation Reticulation		E	Yes	Infrastructure - Sanitation	Reticulation			322						Renewal
Electrotechnical	Phagameng Ext 13 & Substation Upgrade	MLM/BSE1	E	Yes	Infrastructure - Electricity	Transmission & Reticulation					4 000	7 000			Renewal
	New Modimolle Substation (Planning Phase)	MLM/BSE13	E	Yes	Infrastructure - Electricity	Transmission & Reticulation					4 000	6 000	12 000		
	Phagameng Street Lights (Freedom Park)		E	Yes	Infrastructure - Electricity	Street Lighting		569		500	69			9	New
	Phagameng Street Lights (Ward 9) (Phase 1)	MLM/BSE2	E	Yes	Infrastructure - Electricity	Street Lighting						2 000	3 000		New
	Electrification of Mabatlane Ext 3	MLM/BSE4	E	Yes	Infrastructure - Electricity	Transmission & Reticulation	E 28°07'34.40" S 24°17'54.94"		1 258	6 900					New
	Electrification of Mabatlane Ext 6	MLM/BSE4	E	Yes	Infrastructure - Electricity	Transmission & Reticulation	E 28°7'39" S 24°17'53" E 28°25'40.48" S		1 894	2 300					New
	Electrification of Phagameng ext 11	MLM/BSE4	E	Yes	Infrastructure - Electricity	Transmission & Reticulation	24°41'50.38"		1 692	800					New
	Smart Prepaid Meters and Software		E	Yes	Infrastructure - Electricity	Transmission & Reticulation			443						New

Municipal Vote/Capital project R thousand	Program/Project description	Project number	IDP Goal code	Individually Approved (Yes/No)	Asset Class	Asset Sub-Class	GPS co-ordinates	Total Project Estimate	Prior year outcomes		2016/17 Medium Term Revenue & Expenditure Framework			Project information	
									Audited Outcome 2014/15	Current Year 2015/16 Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	Ward location	New or renewal
Parent municipality:															
Water	Modimolle Donkerpoort Raw Water Pipe	MLM/BSW1	E	Yes	Infrastructure - Water	Reticulation				6 200	6 052				New
	Mabatlane Ext 3: Install Skeleton network	MLM/BSW3	E	Yes	Infrastructure - Water	Reticulation					1 300	1 200			New
	Mabaleng Storage: 1.5ML Pressure Tower	MLM/BSW7	E	Yes	Infrastructure - Water	Dams & Reservoirs					2 500	2 500			New
	Modimolle and Phagameng: 1km Raw Water Pipe	MLM/BSW9	E	Yes	Infrastructure - Water	Reticulation						12 800	17 100		New
	Drilling and Equipping of 6 Boreholes at Mabatlane	MLM/BSW11	E	Yes	Infrastructure - Water	Reticulation					1 000	1 000	1 000		New
	Phagameng Ext 13: Install Skeleton network	MLM/BSW12	E	Yes	Infrastructure - Water	Reticulation					2 700	3 500	1 900		New
	Replacement of Asbestos pipes at Modimolle	MLM/BSW14	E	Yes	Infrastructure - Water	Reticulation					1 000	3 500	5 000		Renewal
	Modimolle Pressure Tower Driehek Bos	MLM/BSW16	E	Yes	Infrastructure - Water	Dams & Reservoirs					8 000	1 000	1 500		New
	Bosveldsig Drilling Boreholes x3 with pressure tower	MLM/BSW17	E	Yes	Infrastructure - Water	Reticulation					3 000	2 000	2 000		New
	Drilling of 6 boreholes in Leseding and Mabatlane	MLM/BSW18	E	Yes	Infrastructure - Water	Reticulation					4 000	3 000	2 000		New
	Fixing of 4 Existing Pressure Towers in Mabatlane	MLM/BSW19	E	Yes	Infrastructure - Water	Dams & Reservoirs					4 000	2 000	1 000		Renewal
	Steel Reservoir at Mabatlane 3.3mgl	MLM/BSW20	E	Yes	Infrastructure - Water	Dams & Reservoirs					5 000	5 000	6 000		New
	Steel Reservoir Mabaleng 3.3 mgl and 0.5ML pressure tower	MLM/BSW21	E	Yes	Infrastructure - Water	Dams & Reservoirs					5 000	6 000	7 000		New
	Phagameng Ext 8 Pressure Tower Installation	MLM/BSW22	E	Yes	Infrastructure - Water	Dams & Reservoirs					1 500	2 500	3 000		New
	Fencing of Mabatlane Reservoirs	MLM/BSW23	E	Yes	Infrastructure - Water	Dams & Reservoirs					1 500	1 000	500		Renewal
	Standby Generators for Pumps(Golf and Mabatlane)	MLM/BSW24	E	Yes	Infrastructure - Water	Dams & Reservoirs					1 052				New
Ext 10 Drilling of 2 boreholes and 0.5ML pressure tower		E	Yes	Infrastructure - Water	Dams & Reservoirs					3 448				New	
Replacement of asbestos lines		E	Yes	Infrastructure - Water	Reticulation			300						Renewal	
Donkerpoort Water Works		E	Yes	Infrastructure - Water	Water purification			3 378							
Total Capital expenditure										43 421	62 969	73 218	82 020	84 088	

LIM365 Modimolle - Supporting Table SA37 Projects delayed from previous financial year/s

Municipal Vote/Capital project	Ref. 1,2	Project name	Project number	Asset Class 3	Asset Sub-Class 3	GPS co-ordinates 4	Previous target year to complete	Current Year 2015/16		2016/17 Medium Term Revenue & Expenditure Framework		
								Original Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand												
Parent municipality:												
List all capital projects grouped by Municipal Vote				Examples	Examples							
Public Works		Paving of Streets - Leseding Ext 1 & 2	MLM/BSR1	Infrastructure - Road transport	Roads, Pavements & Bridges		2016	4 469		1 923	1 704	2 238
		Phagameng Streets and Stormwater	MLM/BSR2	Infrastructure - Road transport	Roads, Pavements & Bridges		2016	4 469		1 923	1 704	2 238
		Limpopo Low Level Bridge		Infrastructure - Road transport	Roads, Pavements & Bridges		2016	2 407				
		Rehabilitation of Lillian Ngoyi road & low level bridge		Infrastructure - Road transport	Roads, Pavements & Bridges		2016	4 091				
		Phagameng streets and stormwater Ward 7		Infrastructure - Road transport	Roads, Pavements & Bridges			2 300				
Water		Modimolle Donkerpoort Raw Water Pipe Line Upgrade	MLM/BSW1	Infrastructure - Water	Reticulation			6 200		6 052		

Part 3 – SUPPORTING DOCUMENTS

1. OVERVIEW OF THE ANNUAL BUDGET PROCESS

In undertaking its annual budget process, Modimolle Local Municipality was guided by the following key legislation and documents:

- Municipal Finance Management Act;
- Municipal Systems Act;
- The National Spatial Development Framework; and
- The Limpopo Provincial Government and Development Strategy.
- National Treasury Circular 54.

The municipality is always conscious of the fact the IDP, Budget and other consultative processes have to be undertaken with credibility and honesty in order to ensure good governance and accountability. The municipality engaged its various stakeholders in preparing this 2016/17 MTREF budget, including the communities in all the eight (8) wards, the local Chamber of Commerce and national and provincial government departments. These stakeholders are diverse and included local SMMEs, formal businesses, street vendors, agricultural and mining communities as well as ordinary members of our communities.

Modimolle Local Municipality engaged in the IDP and Budget processes as one process. The objective was to strengthen the synergy between the IDP and the Budget to ensure that they are consistent and linked. This new process had some hiccups but these will be addressed as more experience is gained in this initiative. From these community participation and consultation processes, the municipality identified and prioritised the needs of the communities. As is almost always the case in any budget process, some priorities were identified that could not be funded in the 2014/15 financial year. These priorities and their related programmes/ projects were then included in the medium term IDP for funding consideration once additional funding becomes available, currently or in the future years.

In all these public consultation and participation process, including internal prioritisation and negotiation processes, the Mayor played an active oversight role over the IDP and Budget as required by Section 53(1) (a) of the MFMA, which states that the Mayor of a municipality must provide general political guidance over the budget process and the priorities that must guide the preparation of the budget. Under the guidance of the Mayor, engagements were also held over a number of days with the Councillors in the budget and prioritisation processes. The table below is an extract of the key deadlines relating to the Budget and IDP processes as required by Section 21(1) (b) of the Municipal Finance Management Act, 2003.

Table 61 - Summary of key deadlines in the budget and IDP process

Processes and activities	Responsibility	Date
1 st IDP, Budget and PMS Rep Forum	Mayor	21 August 2015
IDP/Budget and PMS Public Participation Meeting	Mayor	16 Sept – 10 Oct 2015
Approved IDP, Budget and PMS process plan	Council	23 December 2015
Strategic Planning Session	MM, Mayor	11 – 12 February 2016
2 nd IDP, Budget and PMS Rep Forum	Mayor	21 January 2016
Table and approval of 2015/16 adjustment budget to Council	Mayor	26 Feb 2016
Tabling of 2016/17 budget	Mayor, Council	31 March 2016
Submission of tabled budget to National and Provincial Treasuries	MM	14 April 2016
Public hearings on budget, IDP and budget policies	Mayor	1 April – 30 April 2016
Approval of 2016/17 IDP, budget and budget policies	Council	31 May 2016
Submission of draft SDBIP and draft performance agreements of Snr Managers to Mayor	MM	13 June 2016
Approval of SDBIP and performance agreements of Snr Managers	Mayor	27 June 2016
Submission of approved budget, IDP, SDBIP and performance agreements to National and Provincial Treasuries and other interested parties	MM	14 June 2016

2. **OVERVIEW OF ALIGNMENT OF BUDGET WITH INTEGRATED DEVELOPMENT PLAN**

In reviewing the IDP and preparing the 2016/17 MTREF, public consultations were conducted with various stakeholders in order to identify their needs and priorities. As mentioned in the preceding section, the municipality collated the information and prioritized the needs. When determining the available funding against the needs and projects, due consideration was given to the operating expenditure implications for the capital projects over the lifespan of the projects.

3. **MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS**

The measurable performance indicators and objectives for revenue and expenditure (both capital and operating) are contained in the Service Delivery and Budget Implementation Plan (SDBIP) of the municipality and the Section 57 (Municipal Systems Act) managers. The SDBIP has been designed such that it gives effect to the implementation of the budget, with quarterly performance targets. The SDBIP will be submitted to the Mayor immediately after the budget has been approved. The timeframes as contained in Section 53(1) (c) of the MFMA will be complied with.

The key financial indicators and ratios are contained in Supporting Table 8 on page no 67.

4. DRINKING WATER QUALITY AND WASTE WATER MANAGEMENT

4.1 Water Service Authority and Water Service Provider

Modimolle is the Water Service Authority (WSA) and the Water Service Provider. Magalies Water Board serve as a Water Service Provider (WSP), providing only a portion of the bulk requirements to Modimolle. Modimolle LM operates both the Water and Waste Water Treatment Works.

4.2 Blue and Green Drop Rating

The overall Blue drop rating for the Municipality is standing at 70.10%. Areas for concern are the low skills of our employees in the division, as they cannot be classified under the DWA regulations. The treatment works require at least a Class III Process Controller and our employees are sitting at Class 0. Upgrade of the Raw and Final Water pipeline for Donkerpoort and drilling of more boreholes for Mabatlane and Mabaleng are also areas for concern.

The overall Green Drop PAT rating is currently sitting at 43.3%. No score or report issued for the 2014/15 audit. Areas for concern are the low skills of our employees in the division, as they cannot be classified under the DWA regulations. The treatment works require at least a Class III Process Controller and our employees are sitting at Class 0.

4.3 Water Safety Plan and Waste Water Risk Abatement Plan (W₂RAP)

The water safety plan is being reviewed annually and items that emanate from the risk assessment are being included in the budget.

Department of Water Affairs assisted the municipality in developing the wastewater risk abatement plan.

4.4 Challenges with regards to management of drinking water and waste water Ageing infrastructure

Skills and qualifications of our process.

Water quality analysis instruments.

Limited operations and maintenance budget for both water and wastewater treatment works including the distribution networks.

Failing infrastructure

5. OVERVIEW OF BUDGET RELATED POLICIES

The municipality has come to the realisation that for the budget to be credible and balanced, it must be supported by policies that guide the revenue and expenditure estimates. Modimolle Local Municipality aims to deliver services that are affordable to its communities. To ensure this, the budget related policies have been reviewed, and other policies are in the process of review, to take the socio-economic realities of the communities into account. This reality, however, is balanced with the realisation that the municipality must be financially sustainable.

5.1. The following policies were amended after the review process;

- Indigent Policy - Clauses (d),(e)

6.2. The following budget related policies is not included in the document and needs to be developed:

- Borrowing policy
- Funding and Reserves Policy
- Policy relating to long term financial planning
- Budget Implementation and Management Policy

6. OVERVIEW OF BUDGET ASSUMPTIONS

In MFMA Circular 54,66,67 & 70 the National Treasury has cautioned municipalities to prepare budgets within the context of the economic crises that are felt everywhere in the globe. Some of the economic crises that will impact on the budget are slow growth in the local economy of the municipality, shrinking employment and declining income levels. These factors, in turn, will impact on the demand for and affordability of municipal services. The budget has to be responsive to the needs of the community but also structured in such a manner that it facilitates local economic development and job creation. Three factors are very important in this regard, namely;

- The municipality must collect all revenue due from those households and members of the community who can afford to pay for the municipal services they receive but refuse, or ignore, to do so;
- The municipality must exercise financial discipline avoid unnecessary, nice-to-have and non-priority expenditure. The following examples was given:
 - expenditure on membership and other related costs associated with The South African Municipal Sports and Recreation Association (SAMSRA)
 - excessive sponsorship of music festivals, beauty pageants and sporting events, including the purchase of tickets to events for councillors and/or officials;
 - public relations projects and activities that are not centred on actual service delivery or are not a municipal function (e.g. celebrations; gala dinners; commemorations, advertising and voter education);
 - LED projects that serve the narrow interests of only a small number of beneficiaries or fall within the mandates of other government departments such as the Department of Agriculture;
 - excessive catering for meetings and other events, including the use of public funds to buy alcoholic beverages;
 - arranging workshops and events at expensive private venues, especially ones outside the municipality (as opposed to using the municipality's own venues);
 - excessive printing costs (instead of maximising the use of the municipality's website, including providing facilities for the public to access the website);
 - excessive luxurious office accommodation and office furnishings;
 - foreign travel by mayors, councillors and officials, particularly 'study tours'
 - excessive councillor and staff perks such as luxurious mayoral cars and houses, notebooks, IPADS and cell-phone allowances; travel and subsistence allowances. Municipalities are reminded that in terms of section 7 (1) of the Remuneration of Public Office-bearers Act, 1998 (Act No.20 of 1998) the Minister for Cooperative Governance and Traditional Affairs must determine the limit of salaries and allowances of the different members of municipal councils and any budget provision may not be outside this framework;
 - excessive staff in the office of the mayor – particularly the appointment of political 'advisors' and 'spokespersons';

- all donations to individuals that are not made in terms of the municipality's indigent policy or a bursary scheme; for instance donations to cover funeral costs (other than pauper burials which is a district municipality function);
- costs associated with long-standing staff suspensions and the legal costs associated with not following due process when suspending or dismissing staff, as well as payment of severance packages or 'golden handshakes'; and
- the use of consultants to perform routine management tasks, and the payment of excessive fees to consultants;
- excessive overtime.
- The municipality must effectively utilise its assets, making the assets to sweat as reflected by the ratio of operating income to assets, particularly the income generating assets. This has been balanced with increased budget on repairs and maintenance to ensure that the infrastructure assets are maintained at higher levels.

This budget has been prepared based on the following assumptions:

Table 62 - Budget assumptions

Financial year	2014/15 Actual	2015/16 Estimate	2016/17	2017/18	2018/19
Headline CPI inflation	5.6%	5.4%	6.6%	6.2%	5.9%
Revenue collection rate			80%	81%	82%
Salaries (LGBA)	6.79%	7%	7%	7%	7%

In its MFMA Circular 79, National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as practically possible. Given that NERSA haven't release its guideline on municipal electricity price increases for 2016/17 and that Magalies Water indicated an increase to its bulk water tariffs by 12%, it is inconceivable for Modimolle Local Municipality, and other municipalities, to increase their tariffs within the National Treasury guidelines of 6% However, this budget has made provision to assist and support indigent households to cushion against the impact of the high increases in the tariffs.

7. **OVERVIEW OF BUDGET FUNDING**

Section 18(1) of the MFMA requires the budget of a municipality to be funded from-

- (i) Realistically anticipated revenues to be collected;
- (ii) Cash-backed accumulated funds from previous years' surpluses not committed for other purposes; and
- (iii) Borrowed funds, but only for the capital budget referred to in Section (17) (2) of the MFMA.

This budget has been prepared taking into cognizance the requirements of the abovementioned section. Revenue was estimated using a collection rate of 80% to billings. This has resulted in moderate increase in the operating budget. The capital budget is funded out of grants received from National Treasury. An adjusted budget will be compiled for Council consideration once more funding becomes available from either internal and/ or external sources. Due to the amalgamation of Modimolle Local Municipality and Moogophong Local Municipality the Division of Revenue Bill only indicated funding from National Government to the new municipality. The municipality calculated its funding using the Division of Revenue Bill 2015 using the 2016/17 forecast amounts/percentage. The 2016 Division of Revenue Bill allocations to Modimolle Local Municipality are as follows for 2016/17 – 2018/19.

Table 63 - Grant allocations over the MTREF

Grant type (R'000)	2016/17	2017/18	2018/19
Equitable share	R52 659 000	R53 638 492	R57 594 180
Finance Management Grant	R 1 810 000	R 2 145 000	R 2 279 530
Municipal Infrastructure Grant	R21 282 000	R21 073 887	R22 197 992
Extended Public Works Programme	R 1 365 000		
Integrated National electrification Programme	R 8 000 000	R15 000 000	R15 000 000
Water Services Infrastructure Grant	R45 000 000	R 47 000 000	R48 000 000

These grants are explained below:

- Equitable Share - The equitable share is an unconditional grant and is used for institutional capacity and to support the indigents;
- Local Government Financial Management Grant - This grant is a conditional grant and can only be used for capacity building and Internship Programme;
- Special Contribution towards Councilor Grant - This grant forms part of the equitable share allocations;
- Municipal Infrastructure Grant (MIG) - This is a conditional grant for municipal infrastructure; and
- Water Services Infrastructure Grant - To facilitate the planning and implementation of various water and sanitation projects to accelerate backlog reduction and improve the sustainability of services in prioritised district municipalities, especially in rural municipalities; provide interim, intermediate water and sanitation services that ensure provision of services to identified and prioritised communities, including through spring protection, drilling, testing and equipping of boreholes and on-site solutions; to support drought relief projects in affected municipalities.

8. EXPENDITURE ON ALLOCATIONS FOR PROVISIONS

Provision was made in the 2016/17 budget for the following statutory and reserve fund contributions:

- Leave Reserve : R 1 348 300
- Debt Impairment : R 22 990 000

Contributions in total amount to R 24 338 300 and this represents 6% of total operating expenditure. The working capital reserve makes provision for nonpayment of services.

9. ALLOCATIONS AND GRANTS MADE BY THE MUNICIPALITY

The municipality does not make any grants or allocations to organs of state.

10. COUNCILLORS ALLOWANCES AND EMPLOYEE BENEFITS

The municipality made provision for an increase of 6% to councillors and 7% to employee's allowances and benefits.

The total employee related costs increased with 4% from the adjustment budget 2015/16. Senior Managers employee cost increased with 29.2% from 2015/16 financial year to 2016/17. This is mainly due to vacancies that exist in the 2015/16 financial year which resulted into savings or a reduced total adjustment budget and budgeted to be fully filled in the 2016/17 financial year.

See supporting table SA23 for the detail.

11. MONTHLY TARGETS FOR REVENUE, EXPENDITURE AND CASH FLOW

Monthly targets for revenue, expenditure and cash flow are attached as per supporting table 25 (SA25) to supporting table 30 (SA30). The operating revenue and expenditure monthly projections are indicated in supporting table 25 indicating cash flow by source and type, supporting table 26 indicates municipal vote and supporting table 27 by standard classification. Supporting Table 25 to 27 balances to the operating budget as per Table A4. The cash flow projection as per supporting table 33 indicates the projected cash flow per month based on the following cash flow assumptions and balances to Table A7:

Description	Budget 2016/17	Budget 2017/18	Budget 2018/19
Revenue:			
Collection Rate	80%	81%	82%
Interest on Outstanding Debtors	30%	30%	30%
All Other Revenue	100%	100%	100%
Expenditure:			
Suppliers and Employees	98%	98%	98%
Finance Charges	100%	100%	100%
Bulk Purchases - Electricity	64%	67%	71%
Bulk Purchases - Water	100%	100%	100%
Capital:			
Capital Assets	100%	100%	100%
Repayment of Borrowings	As per payment schedule		

12. ANNUAL BUDGETS AND SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLANS

Supporting table 7 on page 66 indicates measurable budget performance objectives per municipal vote.

The service delivery and budget implementation plans will be tabled to the Mayor within 14 days of the tabling of the budget.

13. CONTRACTS HAVING FUTURE BUDGETARY IMPLICATIONS

In terms of the Supply Chain Management Policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years). See supporting table SA33 for the municipality contracts having future budgetary implications for the next 3 years.

The municipality did a cost analysis to determine the need for external security services. The cost analysis indicated that it will be more cost effective to have an external service provider rendering the services instead of the municipality.

14. CAPITAL EXPENDITURE DETAILS FOR 2015/16

The supporting table SA36 shows the details of capital budget for the 2016/17 financial year. As the table shows, the funding of the capital budget is grant funded.

VOTE	DESCRIPTION	IDP Number	Asset Class	Asset Sub-Class	Funding	Multi / Single Project	Budget 2016/17	Budget 2017/18	Budget 2018/19
225	Refuse Removal								
	Development of Landfill site	MLMBSW1	Community	Other	MIG	M	4 200 000.00	15 148 900.00	15 148 900.00
240	Parks and recreation								
	Development of Leseding Sports Facility	MLMBSS1	Community	Sportfields & Stadia	MIG	S	4 833 300.00		
	Mabaleng Development of Park and Fencing	MLMBSP1	Community	Recreational facilities	MIG	S	1 217 360.00		
	Development of Phagameng Park(Shirinda)		Community	Recreational facilities	MIG	M		1 463 025.00	1 463 000.00
262	Public works								
	Paving of Streets - Leseding(Mabatlane) Ext 1 & 2	MLMBSR1	Infrastructure - Road transport	Roads, Pavements & Bridges	MIG	M	1 923 210.00	1 704 134.00	2 238 096.00
	Phagameng Street and Stormwater Ward 6	MLMBSR2	Infrastructure - Road transport	Roads, Pavements & Bridges	MIG	M	1 923 210.00	1 704 134.00	2 238 096.00
276	Electrotechnical								
	Phagameng Ext.13 Electrification	MLMBSE1	Infrastructure - Electricity	Transmission & Reticulation	INEG	M	4 000 000.00	7 000 000.00	
	New Modimolle Substation (Planning Phase)	MLMBSE13	Infrastructure - Electricity	Transmission & Reticulation	INEG	M	4 000 000.00	6 000 000.00	12 000 000.00
	Phagameng Street Lights (Freedom Park)(Ward 9)		Infrastructure - Electricity	Street Lighting	MIG	M	68 520.00		
	Phagameng Street Lights (Ward 9) (Phase 2)	MLMBSE2	Infrastructure - Electricity	Street Lighting	INEG	M		2 000 000.00	3 000 000.00

VOTE	DESCRIPTION	IDP Number	Asset Class	Asset Sub-Class	Funding	Multi / Single Project	Budget 2016/17	Budget 2017/18	Budget 2018/19
280	Water								
	Modimolle Donkerpoort Raw Water Pipe Line Upgrade	MLMBSW1	Infrastructure - Water	Reticulation	MIG		6 052 300.00		
	Mabatlane Ext 3 : Install skeleton network for 600 erven	MLMBSW2	Infrastructure - Water		MWIG	M			
	Mabatlane Ext 3: Install Skeleton network for 600 erven	MLMBSW3	Infrastructure - Water	Reticulation	MWIG	M	1 300 000.00	1 200 000.00	
	Mabaleng Storage: 1.5ML Pressure Tower for 600 erven and 220 extent erven	MLMBSW7	Infrastructure - Water	Dams & Reservoirs	MWIG	M	2 500 000.00	2 500 000.00	
	Modimolle and Phagameng: 1km Raw and 11km Potable Bulk Pipelines. 2 x 3ML command concrete reservoirs and Telemetry	MLMBSW9	Infrastructure - Water	Reticulation	MWIG	M		12 800 000.00	17 100 000.00
	Drilling and Equipping of 6 Boreholes at Mabatlane	MLMBSW11	Infrastructure - Water	Reticulation	MWIG	M	1 000 000.00	1 000 000.00	1 000 000.00
	Phagameng Ext 13: Install Skeleton network for 1300 erven	MLMBSW12	Infrastructure - Water	Reticulation	MWIG	M	2 700 000.00	3 500 000.00	1 900 000.00
	Replacement of Asbestos pipes at Modimolle town	MLMBSW14	Infrastructure - Water	Reticulation	MWIG	M	1 000 000.00	3 500 000.00	5 000 000.00
	Modimolle Pressure Tower Driehek Boreholes	MLMBSW16	Infrastructure - Water	Dams & Reservoirs	MWIG	M	8 000 000.00	1 000 000.00	1 500 000.00
	Bosveldsig Drilling Boreholes x3 with pressure (2mgl)	MLMBSW17	Infrastructure - Water	Reticulation	MWIG	M	3 000 000.00	2 000 000.00	2 000 000.00
	Drilling of 6 boreholes in Leseding and Mabatlane town	MLMBSW18	Infrastructure - Water	Reticulation	MWIG	M	4 000 000.00	3 000 000.00	2 000 000.00
	Fixing of 4 Existing Pressure Towers in Vaalwater & Leseding	MLMBSW19	Infrastructure - Water	Dams & Reservoirs	MWIG	M	4 000 000.00	2 000 000.00	1 000 000.00
	Steel Reservoir at Mabatlane 3.3mgl	MLMBSW20	Infrastructure - Water	Dams & Reservoirs	MWIG	M	5 000 000.00	5 000 000.00	6 000 000.00
	Steel Reservoir Mabaleng 3.3 mgl	MLMBSW21	Infrastructure - Water	Dams & Reservoirs	MWIG	M	5 000 000.00	6 000 000.00	7 000 000.00
	Phagameng Ext 8 Pressure Tower Installation	MLMBSW22	Infrastructure - Water	Dams & Reservoirs	MWIG	M	1 500 000.00	2 500 000.00	3 000 000.00
	Fencing of Mabatlane Reservoirs	MLMBSW23	Infrastructure - Water	Dams & Reservoirs	MWIG	M	1 500 000.00	1 000 000.00	500 000.00
	Standby Generators for Pumps(Golf and Donkerpoort)	MLMBSW24	Infrastructure - Water	Dams & Reservoirs	MWIG	S	1 052 300.00		
	Ext 10 Drilling of 2 boreholes and 0.5ML pressure tower		Infrastructure - Water	Dams & Reservoirs	MWIG	S	3 447 700.00		
	TOTAL BUDGET						73 217 900.00	82 020 193.00	84 088 092.00
	Source of funding								
	MIG						20 217 900.00	20 020 193.00	21 088 092.00
	MWIG						45 000 000.00	47 000 000.00	48 000 000.00
	INEG						8 000 000.00	15 000 000.00	15 000 000.00
	Total						73 217 900.00	82 020 193.00	84 088 092.00

15. LEGISLATION COMPLIANCE DETAILS

This budget has been prepared in accordance with the requirements of the Municipal Finance Management Act, the Municipal Budget and Reporting Regulations and the Municipal Systems Act.

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

1. In year reporting
Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on the municipality's website.
2. Internship programme
The municipality is participating in the Municipal Financial Management Internship programme and has employed six interns undergoing training in various divisions of the Financial Services Department and Internal Audit Department. Of the six interns two has been appointed permanently from November 2015.
3. Budget and Treasury Office
The Budget and Treasury Office has been established in accordance with the MFMA.
4. Audit Committee
An Audit Committee has been established and is fully functional.
5. Service Delivery and Implementation Plan
The detail SDBIP document is at a draft stage and will be finalised after approval of the 2016/17 MTREF in May 2016 directly aligned and informed by the 2016/17 MTREF.
6. Annual Report
Annual report is compiled in terms of the MFMA and National Treasury requirements.

16. QUALITY CERTIFICATION

I, NS Bambo, Municipal Manager of Modimolle Local Municipality, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and Regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Name: _____

Signature: _____

Date: _____

Part 4 – ANNEXURES

Annexure A: Tariff for Electricity

- Free Basic electricity to be provided for Indigents only in terms of Council's Indigent Policy;
- Schools, Tennis and Bowling Clubs to be levied on Municipal tariffs for electricity consumption.

Table 64: Electricity tariffs

Description	Current		Proposed	
RESIDENTIAL:				
Conventional and				
Units				
0 – 50	R	0.8055	R	0.9021
51 – 350	R	1.0196	R	1.1419
351 – 600	R	1.3779	R	1.5433
>600	R	1.6378	R	1.8343
Basic	R	84.81	R	94.99
Prepaid				
Units				
0 – 50	R	0.8055	R	0.9021
51 – 350	R	1.0196	R	1.1419
351 – 600	R	1.3779	R	1.5433
>600	R	1.6378	R	1.8343
BUSINESS:				
- Basic	R	439.80	R	492.58
- Unit	R	1.4578	R	1.6327
BULK:				
- Basic	R	471.85	R	528.47
- Unit	R	0.7059	R	0.7906
- KVA	R	157.9300	R	176.8816
MUNICIPAL	R	1.0883	R	1.2189

Annexure B: Tariff for Supply of Water

- Free Basic water to be provided for Indigents only in terms of Council's Indigent Policy
- A proposed tariff increase of 8 % to 10% for Modimolle/Phagameng and 11% to 14% for Vaalwater/Alma is provided for.
- Schools, Tennis and Bowling Clubs will be levied on Municipal tariffs for metered water consumption.

DESCRIPTION	CURRENT TARIFFS (1 JULY 2015)	PROPOSED TARIFFS (1 JULY 2016)
RESIDENTIAL:		
<u>Modimolle/Phagameng</u>		
- 0 - 20 kl per 30-day period	R 13.83	R 14.93
- 21 - 30 kl per 30-day period	R 18.96	R 20.86
- 31 kl and above	R 22.38	R 24.62
Basic Charges		R 50.00
<u>Vaalwater/Alma</u>		
- 0 – 20 kl per 30-day period	R 11.50	R 13.11
- 21 -30 kl per 30-day period	R 18.71	R 20.86
- 31 kl and above	R 22.08	R 24.62
Basic Charges		R 50.00
BUSINESS:		
Modimolle/Phagameng 0 - 30 kl	R 19.49	R 21.44
> 31 kl	R 22.38	R 24.62
Basic Charges		R 70.00
Vaalwater/Alma	R 19.49	R 21.44
> 31 kl	R 22.38	R 24.62
Basic Charges		R 70.00
BULK:		
Modimolle/Phagameng	R 18.10	R 19.91
Basic Charges		R 70.00
Kokanje Retirement Village	R 16.24	R 17.86
Basic Charges		R 70.00
Vaalwater/Alma		
- 0 - 5 kl per 30-day period	R 5.97	R 6.56
- 6 -10 kl per 30-day period	R 8.83	R 9.72
- 11 - 30 kl per 30-day period	R 12.48	R 13.73
- more than 30 kl per 30-day period	R 14.58	R 16.04
Basic Charges		R 70.00
MUNICIPAL		
Basic Charges	R 10.81	R 11.89
		R 50.00

Annexure C: Tariff for Refuse Removal

- A proposed tariff increase of 10% is provided for.
- Free refuse removal is to be provided for indigent households only in terms of Council's Indigent Policy.

Table 65: Refuse Removal

DESCRIPTION	CURRENT	PROPOSED
Residential:		
Residential 1		
Modimolle	R 84.17	R 92.59
Phagameng	R 84.17	R 92.59
Vaalwater/Alma	R 84.17	R 92.59
Residential 2		
Modimolle	673.36	R 740.70
Phagameng	673.36	R 740.70
Vaalwater/Alma	673.36	R 740.70
Residential 3		
Modimolle	1683.4	R 1 851.74
Phagameng	1683.4	R 1 851.74
Vaalwater/Alma	1683.4	R 1 851.74
Business:		
Modimolle/Phagameng	R 252.09	R 277.30
Vaalwater/Alma	R 252.09	R 277.30
*This tariff should not apply to businesses that rented yellow skips		

DESCRIPTION	CURRENT	PROPOSED
Mini Mass:		
Rental		
Modimolle/ Phagameng	R 534.11	R 587.52
Vaalwater/Alma	R 534.11	R 587.52
Collection of rented yellow bin		
Residential		
This tariff is per Collection		
Modimolle/Phagameng	84.19	R 92.61
Vaalwater/Alma	84.19	R 92.61
Business		
This tariff is per Collection		
Modimolle/Phagameng	252.09	R 277.30
Vaalwater/Alma	252.09	R 277.30
Bulk:	R 1 639.10	R 1 803.01
Refuse disposal at municipal landfill site		
Standard disposal for lodges/game farms (per month)		277.30
1. Disposal of general waste weighing less than 1000 kg by public (less than 1 ton)	50	R 55.00
2. Disposal of general waste weighing more than 1001 kg to 1500 kg by public (1 – 1,5 ton)	112.36	R 123.60
3. Disposal of general waste weighing 1501 to 2000kg by public (1,5 to 2 ton)	168.54	R 185.39
4. Disposal of general waste weighing 2001-5000kg by public	280.9	R 308.99
5. Disposal of general waste weighing 5001kg-10 000kg by public (5 to 10 ton)	449.44	R 494.38
6. Disposal of general waste weighing 10001-more by public (more than 10 ton)	674.16	R 741.58

Annexure D: Tariff for Sanitation

- The sanitation tariffs are determined on the size of the stand and per toilet connection.
- A tariff increase of 8% is provided for.
- Free sanitation to be provided for indigent households only in terms of Council's Indigent Policy.

Table 66: Sanitation Tariffs

CATEGORY	CURRENT TARIFFS 2015/16	PROPOSED TARIFFS 2016/17
Modimolle/Phagameng		
Basic		
Size of stand:		
0 - 600 m ²	R 33.58	R 36.27
600 - 1 983 m ²	R 67.49	R 72.89
1 983 - 2 975 m ²	R 89.40	R 96.55
2 975 - 3 966 m ²	R 111.89	R 120.85
3 966 - 4 957 m ²	R 134.09	R 144.82
4 957 - 9 914 m ²	R 156.43	R 168.95
above 9 914 m ² (every 992 m ²)	R 3.75	R 4.05
Per toilet (Minimum with no water consumption)	R 56.83	R 61.38
Per kl of Water Consumptions (40%)	R 7.04	R 7.60
Vaalwater/Alma		
Basic	As above	
Per toilet (Minimum with no water consumption)	R 33.16	R 39.79
Per kl of Water Consumptions (40%)	R 7.04	R 7.60
Vacuum tank	R 83.53	R 90.21

Annexure E: Tariff for Property Rates

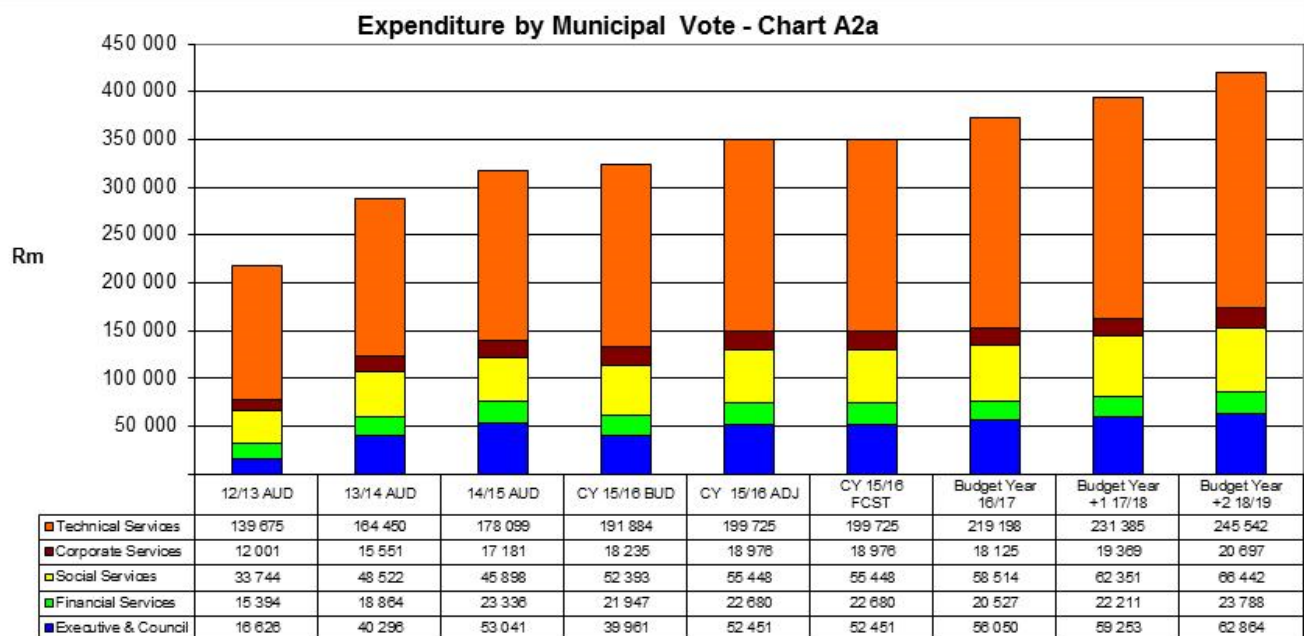
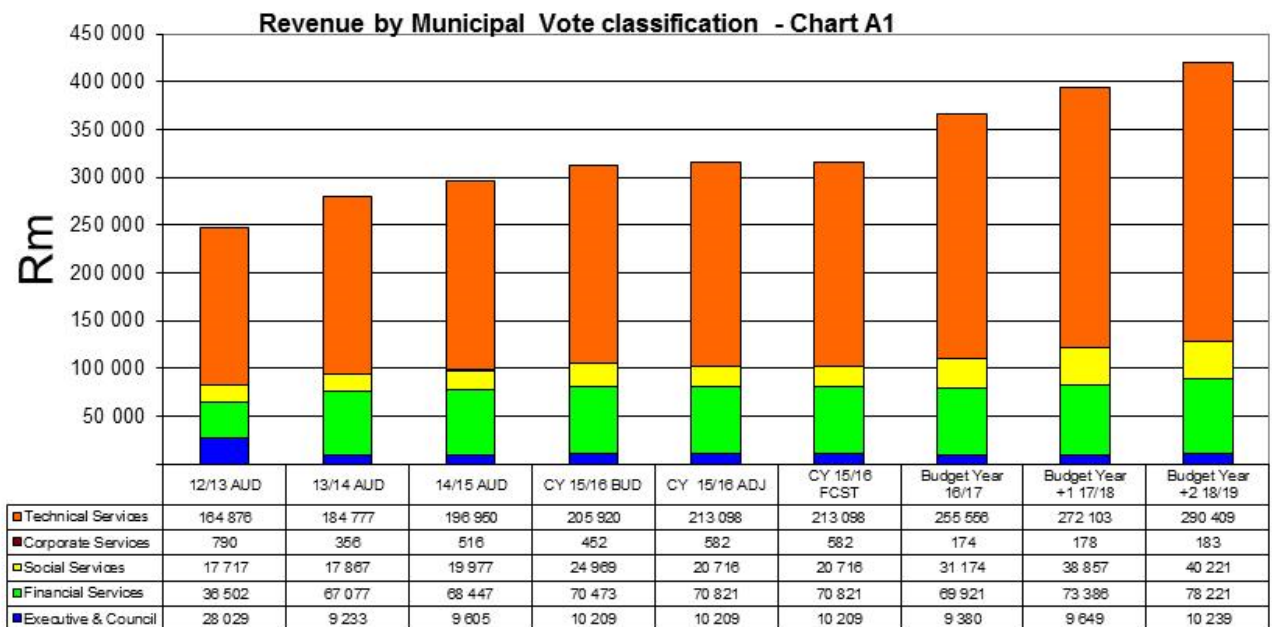
- Tariff increase as follows:
 - Residential properties: 8%
 - Businesses and commercial properties: 0%
- In terms of the Property Rates Policy 2009/10 as adopted by Council in 2008, the municipality may levy different Rates for different categories of Property.
- Rebates are granted as per the Property Rates Policy.

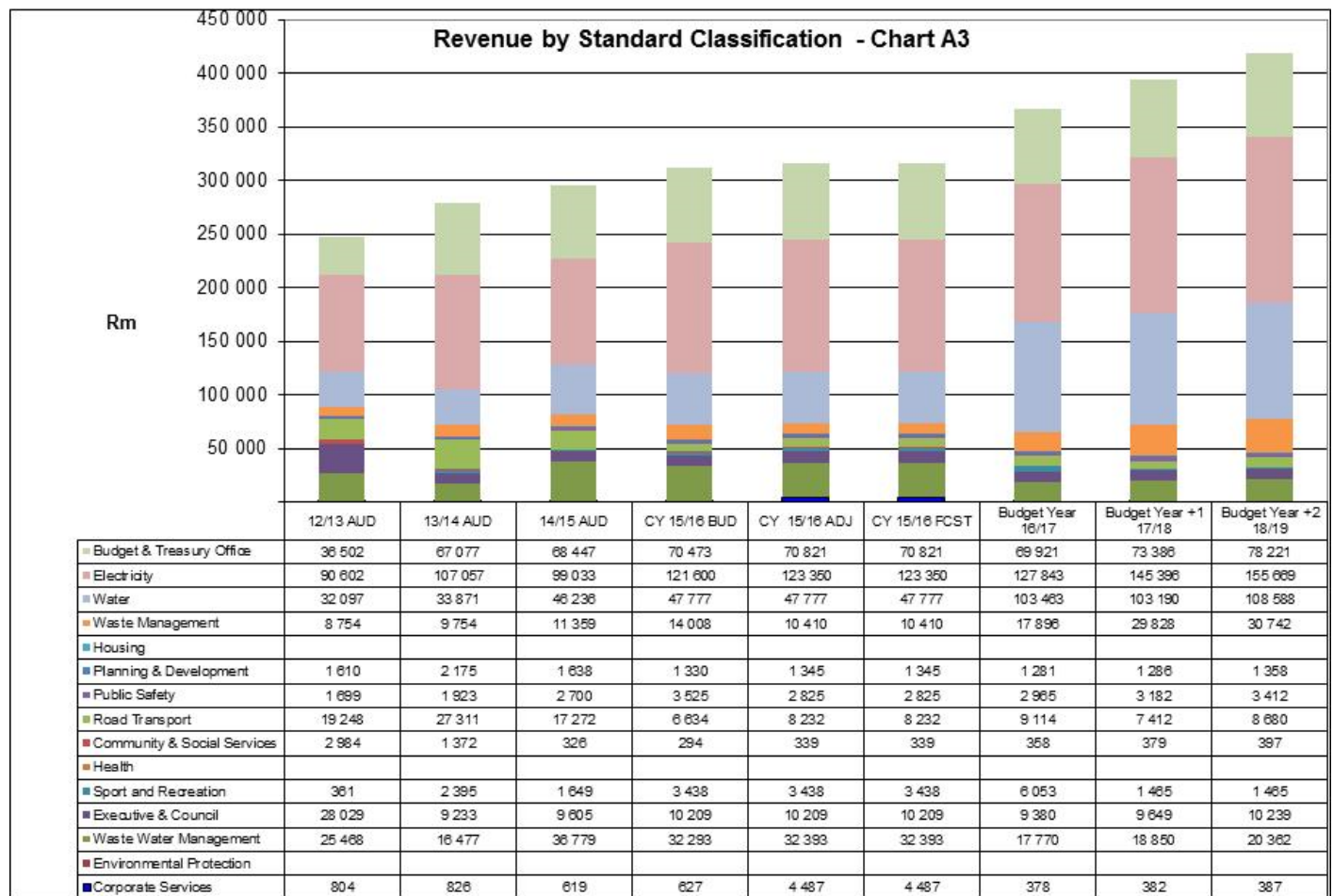
Table 5 indicates the rate for the 2016/17 financial year for Modimolle Local Municipality and is approved for the following categories of property.

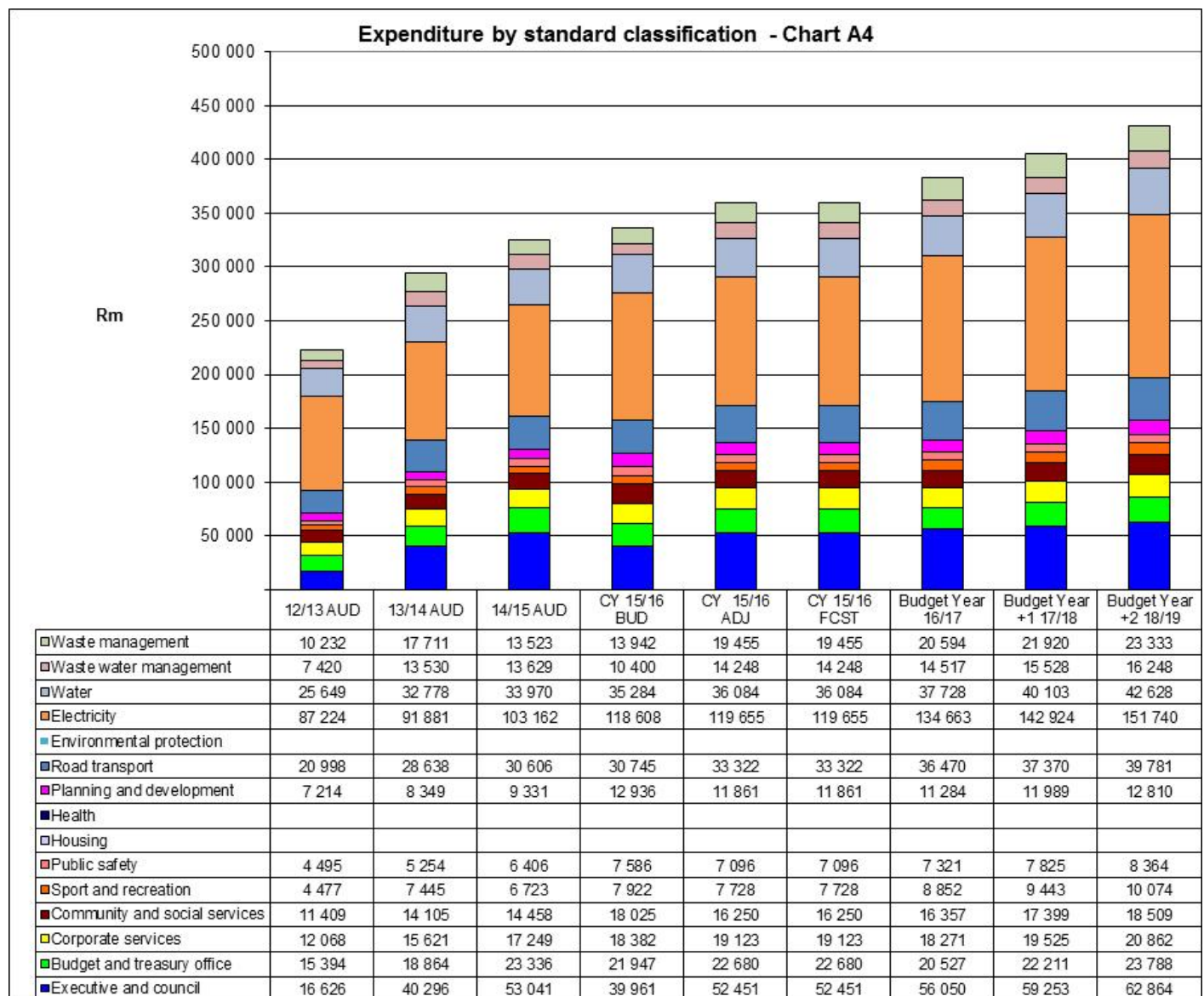
Table 67: Property Rates

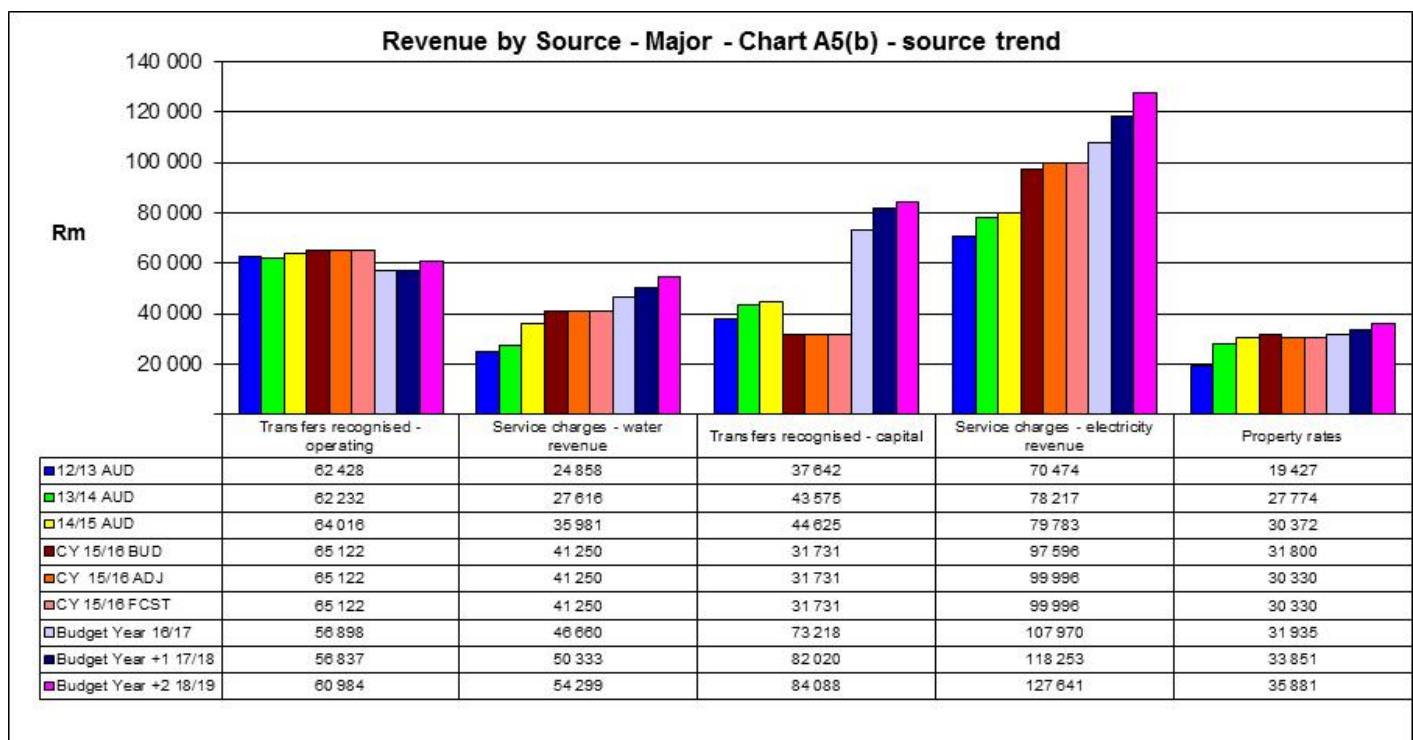
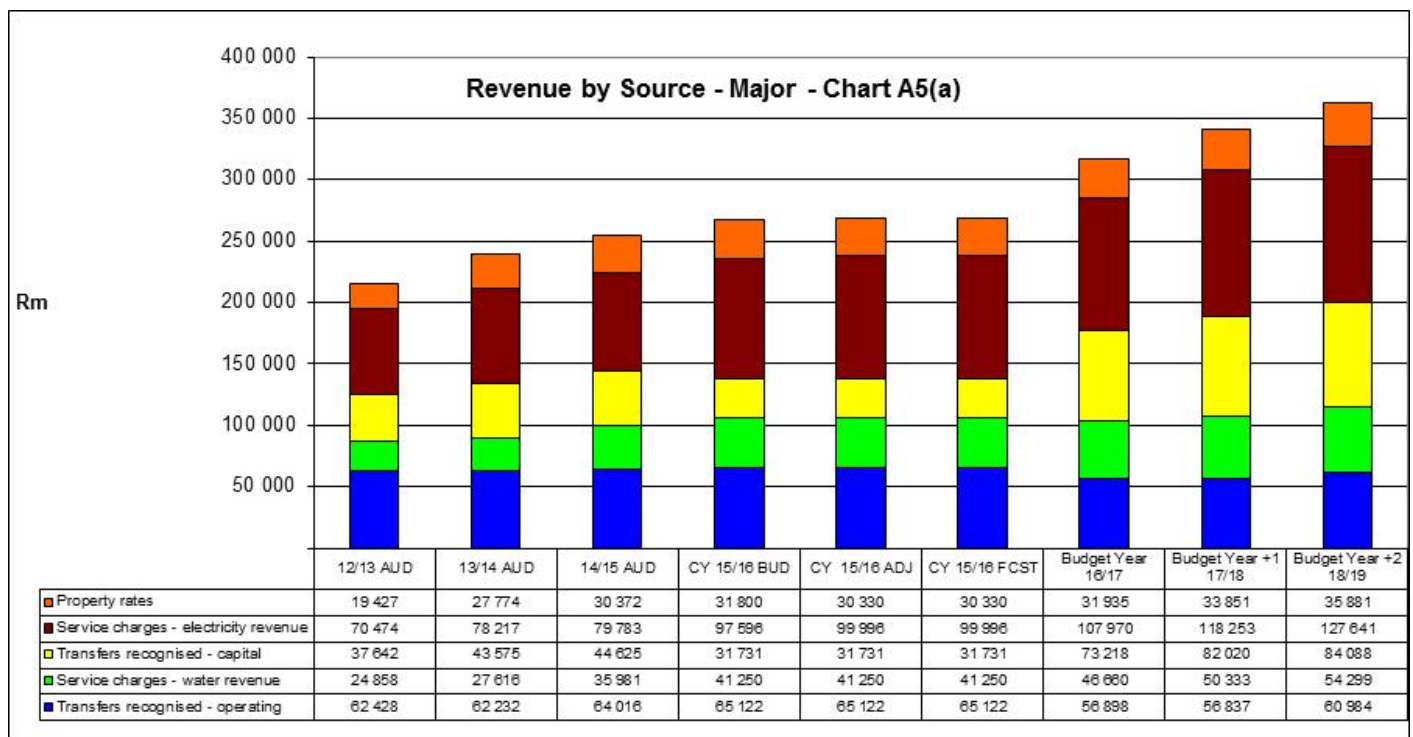
PROPERTY RATES	
<i>Rates are determined in terms of the Property Rates Act, 2004 (Act No 6 of 2004) as well as Council's Rate Policy</i>	
Residential Property	
An amount of 0.72 cent in a rand per annum	= 0.0072
Kokanje (areas not provided services by municipality)	
An amount of 0.72 cent in a rand per annum	= 0.0072
Business, Commercial & Industrial Property	
An amount of 2.52 cent in a rand per annum	= 0.0252
Agricultural Property	
An amount of 0.18 cent in a rand	= 0.0018
State owned Property	
An amount of 2.52 cent in a rand	= 0.0252
Public Service Infrastructure	
An amount of 0.18 cent in a rand	= 0.0018
Public Benefit Organisation	
An amount of 0.18 cent in a rand	= 0.0018
Mining Property	
An amount of 2.52 cent in a rand	= 0.0252

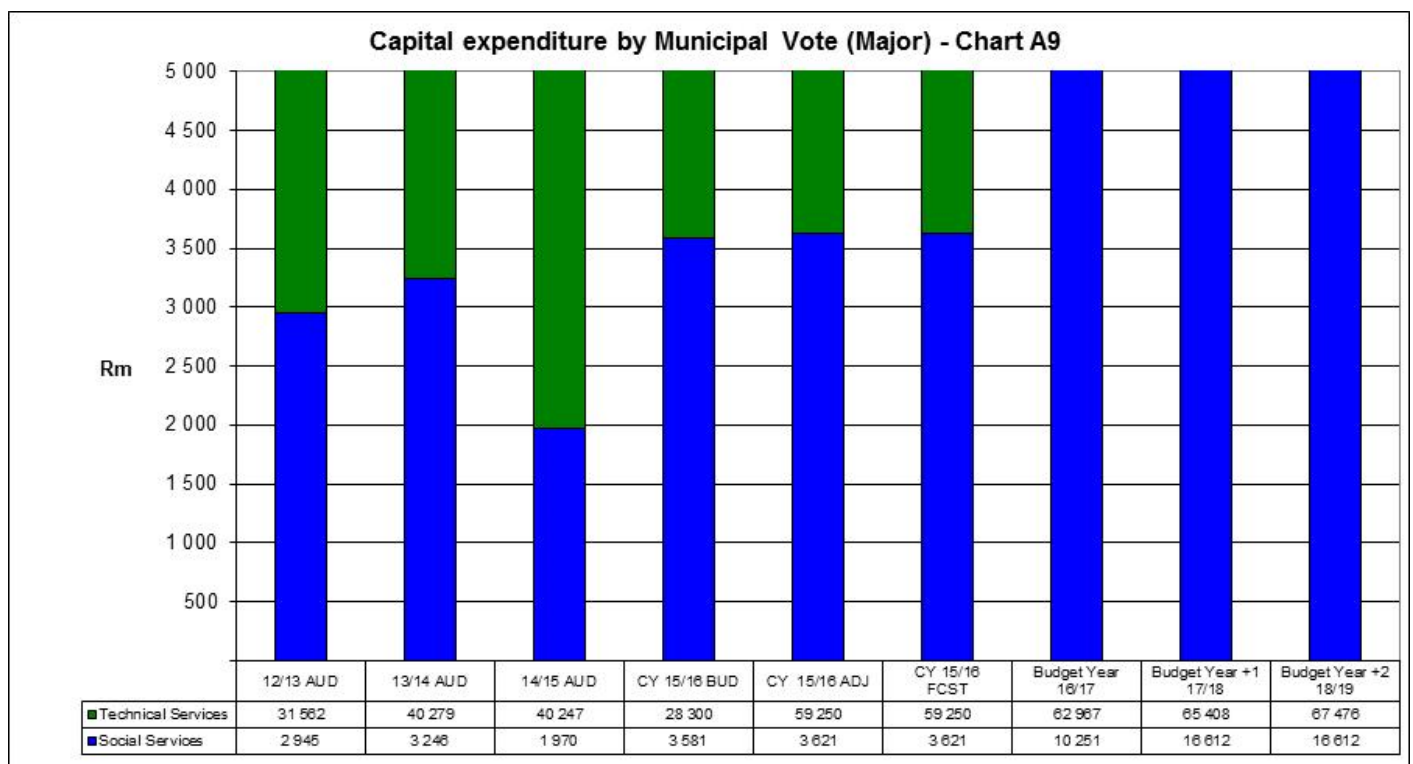
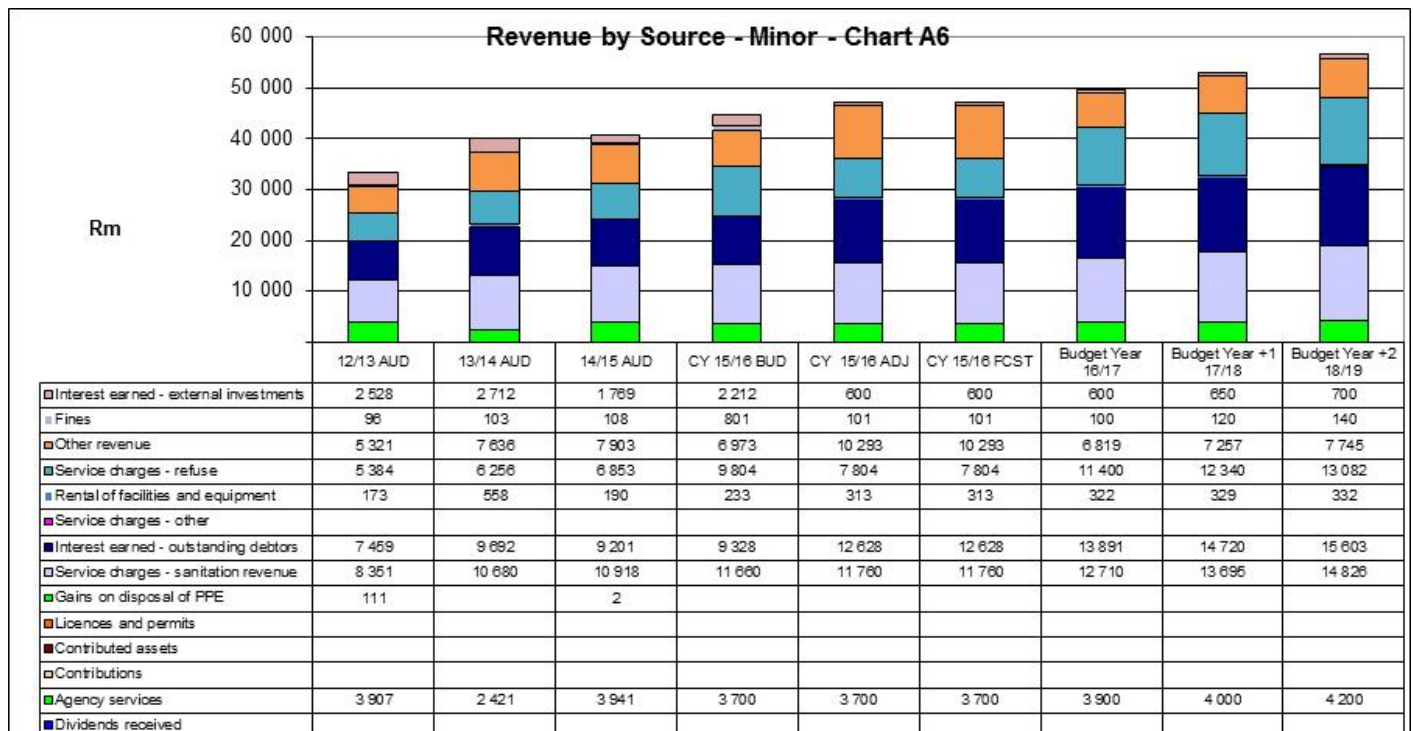
Annexure F: Supporting Charts

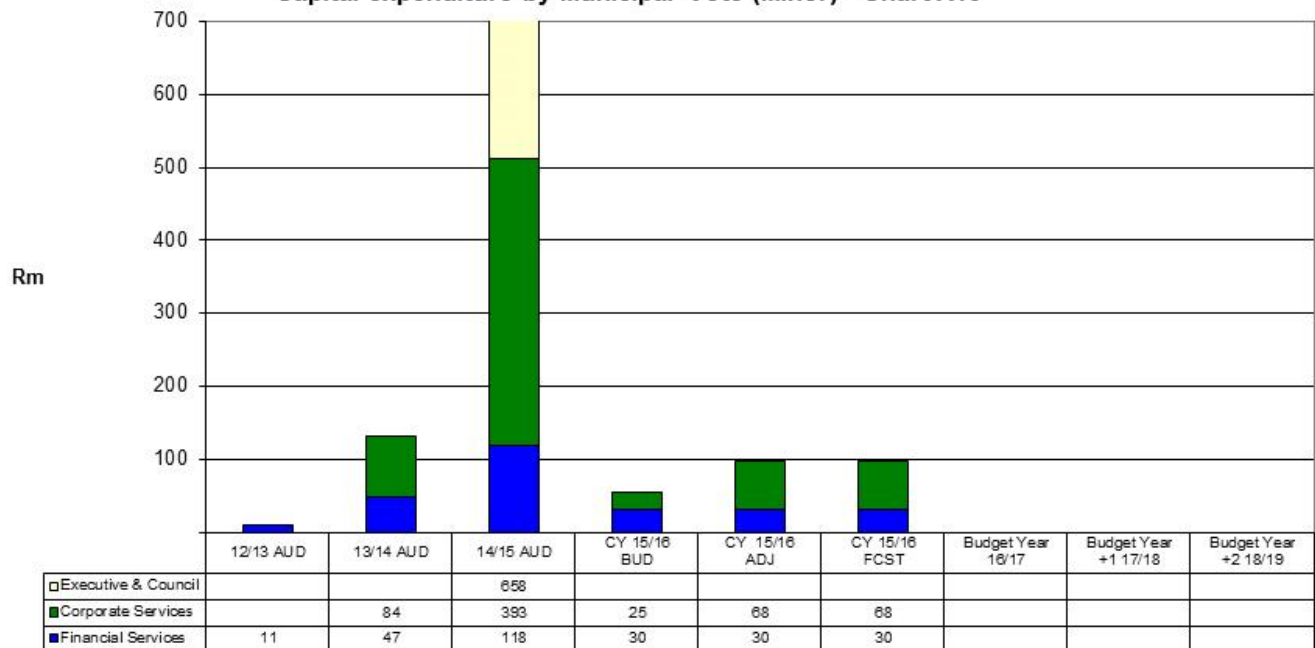










Capital expenditure by Municipal Vote (Minor) - Chart A10


Annexure G: Integrated Development Plan

The Integrated Development Plan will be the presented in council.

Annexure H: Sundry Tariffs

- All tariffs are indicated excluding VAT.

ADVERTISING FEES		
DISCRIPTION	CHARGES PER BOARD	BASIC RENTAL COST
Single Gantry: In to Town Out of Town	R9 730.00 R7 441.00	R17 170.00(annual)
Citilite Per Face	R5 152.00	R10 300.00(annual)
Lightbox Per Ad Per Face	R486.00 R3 888.00	R7 787.00(annual)
Pole Ad Per Site	R 529.00	R529.00(per quarter)
Pave Ad Per Ad	R367.00	R734.00(monthly)
Event Ad Per Ad per event	R8-00(>50 ads)	R1 550-00(per event, 1-50 ads)
Promotional Ads Artists Corporate		R 250.00(per day) R1 000.00(per day)
Penalty for illegal Ads		Type of ad + 10%

DESCRIPTION	CURRENT TARIFF 2015/2016	PROPOSED TARIFF 2016/2017
1. Sanitation blockages	R 240-00	R 260-00
2. Sanitation connection: 1 st connection 2 nd connection	R 790-00 R3 910-00	R 855.00 R4 230.00
Dumping of Waste Water – Trucks		
8 kl Truck	R 64-00	R 70.00
10 kl Truck	R 90-00	R 100.00
20 kl Truck	R 180-00	R 195.00
3. Water connections: 15mm	R 2 375-00	R 2 565.00
20mm	R 3 880-00	R 4 190.00
25mm	R 5 870-00	R 6 340.00
40mm	R 7 520-00	R 8 120.00
50mm	R 9 890-00	R 10 680.00
75mm	R14 040-00	R 15 160.00
Larger than 75mm	Cost + 32%	Cost + 32%
Moving of meter	R 870-00	R 940.00
Replacement of a meter(consumer fault)	Cost + 32%	Cost + 32%

Page 131 of 250

17. Hawkers' Permit: - Residents - Non Residents - Temporary permits	R 168-00 per year R 340-00 per year R 25-00 per month	R 168.00 per year R 340.00 per year R 25.00 per month
18. Spaza Shop Permit		R 500 per year
19. Illegal dumping (Refuse)	R 1 000.00	R1 060.00

21. Minimum Deposits Payable – Opening consumer accounts (6% increase)		
<u>HOUSEHOLD</u>	<u>OCCUPIER</u>	<u>OWNER</u>
Water and Electricity	R 1 060.00	R 640.00
Water Only	R 430.00	R 430.00
Electricity Only	R 640.00	R 640.00
Flat – Water Only	R 430.00	R 430.00
Flat – Electricity Only	R 640.00	R 640.00
Johannes Postma Flats	R 220.00	R 220.00
<u>BUSINESS</u>		
Electricity Only	R 1 060.00	R 1 060.00
Water and Electricity	R 1 600.00	R 1 600.00
Water Only	R 1 060.00	R 1 060.00
<u>MEGA USAGE FOR BUSINESS</u>		
Type 1 (Large)	R 21 200.00	R 21 200.00
Type 2	R 5 300.00	R 5 300.00
Type 3	R 2 700.00	R 2 700.00
Type 4 (Small)	R 1 600.00	R 1 600.00

22. Tender Document Tariffs	
<u>Estimated Budget</u>	<u>Bid Document Price</u>
R 200 000 – R 500 000	R 160 – R 265
R 500 001 – R 5 000 000	R 320 – R 530
R 5 000 001 – R 10 000 000	R 530 – R 1060
R 10 000 000 Plus	R 1 060 – R 1600

TARIFF: TOWN PLANNING AND BUILDING CONTROL
All tariffs exclude VAT

APPLICATION	CURRENT TARIFF	NEW TARIFF
Special Consent use in terms of the Modimolle Land use Scheme 2004	R 1120-00 application fee + R 100-00 for every additional erf/stand included.	R 1500-00 application fee + R 150-00 for every additional erf/stand included.
Written Consent use in terms of Modimolle Land Use Scheme 2004	R 1120-00 application fee + R 100-00 for every additional erf/stand included	R 1500-00 application fee + R 150-00 for every additional erf/stand included
Building line relaxation use in terms of Modimolle Land Use scheme 2004 <ul style="list-style-type: none"> - Business - Residential 	R 270-00 (per line to be relaxed)	R 320-00 (per line to be relaxed)
Subdivision application in terms of Section 92 of the Town Planning and Townships Ordinance (15/1986)	R 500-00 application fee + R 60-00 for every portion to be created by subdivision	R 600-00 application fee + R 70-00 for every portion to be created by subdivision
Consolidation application in terms of Section 92 of the Town Planning and Townships Ordinance (14/1986)	R 500-00 application fee + R 60-00 for every erf/stand included in consolidation	R 600-00 application fee + R 70-00 for every erf/stand included in consolidation
Rezoning application in terms of Section 56 of the Town Planning and Townships Ordinance (15/1986)	R 1 800-00 application fee + R 440-00 for every additional erf/stand	R 2 000-00 application fee + R 480-00 for every additional erf/stand
Application in terms of the Removal of Restrictive Conditions	R 1090-00 application fee	R 1 200-00 application fee
Division application in terms of the Ordinance on the Division of Agricultural land	R 540-00 application fee + R 90-00 per portion to be divided – applicant places all notices	R 600-00 application fee + R 100-00 per portion to be divided – applicant places all notices
Division in terms of the Division of Agricultural Land Act 70 of 1970	R 500-00 application fee + R 60-00 per portion to be divided	R 600-00 application fee + R 70-00 per portion to be divided
Occupation Certificate	R60-00 per certificate	R 70-00 per certificate
Inspection Fees		R
Zoning Certificate	R 60-00 per zoning certificate per stand	R 70-00 per zoning certificate per stand
Demolition Certificate	R 60-00 per certificate per stand	R 70-00 per certificate per stand
Township Establishment	R 6050-00 application fee (applicant places all notices)	R 6700-00 application fee (applicant places all notices)
Zoning Plans	A4 - R 60-00 A3 - R 110-00	A4 - R 70-00 A3 - R 120-00
Building prints	Sepia A – R 165-00 A1 – R 100-00 Durester AO – R 165-00 A1 – R 125-00 Paper AO – R 70-00 A1 – R 60-00	Sepia A – R 185-00 A1 – R 110-00 Durester AO – R 185-00 A1 – R 1450-00 Paper AO – R 80-00 A1 – R 70-00
Building Plan Fees	For every 10m ² or part thereof of the area of the building at the level of each floor- R 45-00 with a minimum of R 360-00. Applications for a minor work as defined in the National Building regulations- R 260-00	For every 10m ² or part thereof of the area of the building at the level of each floor- R 55-00 with a minimum of R 400-00. Applications for a minor work as defined in the National Building regulations- R 290-00

LEASING OF VENUES: TARIFFS 2015/16

IN ALL INSTANCES OF RENTAL, A REFUNDABLE DEPOSIT OF R 800-00 IS APPLICABLE

TYPE OF GATHERING PER GATHERING BETWEEN 08:00 – 24:00	O R TAMBO HALL	RUTH FIRST MEMORIAL LIBRARY AUDITORIUM	PETER NCHABALENG HALL	YOSUF DADOO HALL	EPHRIAM MOGALE STADIUM	LESEDING HALL
Weddings, entertainment, fairs, sales, exhibitions, shows, cinema shows, concerts and dramatic performances by professional players, fetes, dinners, luncheons, cocktail parties, mannequin parades and any other gathering not mentioned in these tariffs.	R 1800	Not available	R 1700	R 1700	R 1800	R 1700
Amateur theatricals or concerts, dancing displays and practice, amateur boxing or wrestling tournaments, table tennis or badminton matches, and any other indoor sport or recreation when admission is charged.	R 510	Not available	R 510	R 510	R 510	R 510
Conferences, congresses, bazaars, meetings and lecturers	R 510	R 510	R 510	R 510	R 510	R 510
Theatrical or concert rehearsals, dancing practices and classes, provided that no admission is charged and provided further that if the facility is required for a gathering which will be of greater financial benefit to the Council, any reservation of the facility under this group shall be deemed to be cancelled	R 510	Not available	R 510	R 510	Not available	R 510
Meetings by ratepayers associations, civic social and sporting bodies or clubs, debating or similar societies, political parties of elections, presentation of prizes, lectures of educational nature, religious services or gatherings	R 320	R 320	R 320	R 320	R 320	R 320
For fundraising purposes, churches, schools and other related bodies	R 320	Not available	R 320	R 300	R 300	R 300
Amateur boxing or wrestling tournaments, rugby, soccer and practices, table tennis or badminton tournaments or practices and any other indoor sport or recreation, provided that no admission is charged and provided further that if the facility is required for a gathering which will be of greater financial benefit to the Council, any reservations of the facility under this group shall be deemed to be cancelled.	R 340	Not available	R 340	R 340	R 450	R 340
Professional boxing, soccer, rugby, wrestling, cricket, athletics tournaments and music festivals	R4 635+ Refundable Deposit of R 800	Not applicable	R 4 435+ Refundable Deposit of R 800	Not applicable	R 9230 +Refundable Deposit of R 2000	Not applicable

Annexure I: Budget Related Policies

1. POLICY ON DEBT COLLECTION AND CREDIT CONTROL

PREAMBLE

Whereas Article 96 of the Municipal Systems Act, Act 32 of 2000, requires a Municipality to adopt, implement and maintain a credit control and debt management policy;

And whereas article 97 of the Municipal Systems Act specifies the contents of such a policy;

Hence the following policy is hereby adopted by the Council of the Modimolle Local Municipality:

1. DEFINITIONS

For the purposes of this policy, the wording or any expression will carry the same meaning as that as published in the Act unless it is specifically indicated to carry a different meaning:-

- 1.1 **"Act"** the Municipal Systems Act 2000, Act32 of 2000, as amended from time to time.
- 1.2 **"Authorised Representative"** the person or Institution who has been legally appointed by the Council to act on behalf of the Council or to carry out a function or duty on behalf of the Council.
- 1.3 **"Chief Financial Officer"** the person, appointed by the Council, in charge of the finances of Council irrespective of the title given to the post.
- 1.4 **"Client"** any occupant of a property to whom the Municipality has agreed to supply services to, or in the case where the occupant is not the owner, the owner of the property.
- 1.5 **"Council"** the Council of the Modimolle Local Municipality.
- 1.6 **"Defaulter"** a person who owes money to the Municipality after the due date has passed.
- 1.7 **"Engineer"** The person in charge of the Civil and Electrical Services of the Municipality.
- 1.8 **"Equipment"** a building or any other structure, pipe, pump, wiring, cable, meter, machine or any item of equipment.
- 1.9 **"Interest"** a cost that carries the same legal standing as Service Charges and is calculated, on arrear monies owing, at a rate as determined from time to time by the Council.
- 1.10 **"Municipal Account"** an account depicting the costs of services as provided by the Municipality or any authorised or contracted service provider and/or property rates in the form of, but not restricted to:-
 - (a) **"Annual Accounts"** raised annually and indicate charges raised for property rates, building clauses, availability charges, sewerage, refuse removal etc.
 - (b) **"Monthly Accounts"** raised monthly and indicate charges raised for property rates, building clauses, availability charges, sewerage, refuse removal etc.
- 1.11 **"Municipal Manager"** the person appointed in terms of Article 82 of the Municipal Structures Act 1998, Act 117 of 1998, including any person appointed in an acting position or to whom the necessary powers have been delegated.
- 1.12 **"Municipal Services"** the provision of services by the municipality such as water, electricity, refuse removal and sewerage for which a service charge is raised.
- 1.13 **"Municipality"** the institution responsible for service delivery and collecting monies for the Modimolle Local Municipality.
- 1.14 **"Occupant"** any person occupying any property or portion of property, without taking into consideration whether he/she is the owner of that property.

1.15 **“Owner”**

- (a) the person in whom from time to time is vested the legal title to premises;
- (b) in a case where the person in whom the legal title is vested is insolvent or dead, or is under any form of legal disability whatsoever, the person in whom the administration of and control of such premises is vested as curator, trustee, executor, administrator, judicial manager, liquidator or other legal representative”
- (c) in any case where the Council is unable to determine the identity of such person, a person who is entitled to the benefit of such premises or a building thereon;
- (d) in the case of premises for which a lease of 30 years or more has been entered into, the lessee thereof
- (e) in relation to –
 - (i) a piece of land delineated on a sectional plan registered in terms of the Sectional Titles Act 1986, (Act 95 of 1986), and without restricting the above the developer or the body corporate in respect of the common property, or
 - (ii) a section as defined in such Act, the person in whose name such section is registered under a sectional title deed and includes the lawfully appointed agent of such a person”
- (f) any legal person including but not limited to:
 - (i) a company registered in terms of the Companies Act, 1973 (Act 61 of 1973), Trust *inter vivos*, Trust *mortis causa*, a Closed Corporation registered in terms of the Closed Corporations Act, 1984 (Act 69 of 1984), a Voluntary Association.
 - (ii) any Department of State.
 - (iii) any Council or Board established in terms of any legislation applicable to the Republic of South Africa.
 - (iv) any Embassy or other foreign entity.

1.16 **“Property”** any piece of ground where the borders have been demarcated within the boundaries of the Modimolle Local Municipality.

2. PURPOSE OF THE POLICY

The purpose of this policy is to :-

- 2.1 To create a framework wherein the Council can exercise their executive and legal authority with regards to credit control and debt collection;
- 2.2 To ensure that all monies due and owing to the municipality are collected in a financially viable manner in the best interests of the community, residents and ratepayers;
- 2.3 To create a framework for customer care and to ensure support for indigents;
- 2.4 To prescribe credit control measures and the order in which actions must be carried out;
- 2.5 To establish measures and procedures regarding credit control and debt collection;
- 2.6 To establish achievable goals for credit control and debt collection.

3. POLICY PRINCIPLES

- 3.1 The Administrative integrity of the municipality must be upheld at all times. The democratically elected councillors are responsible for formulating policy whilst the Municipal Manager is responsible to carry out the policy.
- 3.2 Consumers must complete an application form wherein the municipality is officially requested to connect them to service supply lines. Existing consumers may be required to complete new application forms as determined by the Municipal Manager from time to time.

- 3.3 Copies of application forms, conditions of service delivery, extracts from the credit control and debt collection policy and the by-law must be supplied on request by any consumer against the applicable tariff as determined by the Council from time to time where applicable.
- 3.4 Accounts must be despatched timeously and must be accurate and easily understandable.
- 3.5 The consumer is entitled to access to pay points and to a variety of trustworthy payment methods.
- 3.6 The consumer is entitled to a good, efficient and reasonable answer on enquiries/appeals and may not be prejudiced during the processing of such enquiry/appeal.
- 3.7 Measures to encourage payments must be applied effectively and efficiently.
- 3.8 The unauthorised use of, disconnection and reconnection, tampering with or the theft of meters, services supply equipment and the reticulation network and any fraudulent/unlawful action in connection with the provision of municipal services will result in the termination of services, the imposition of severe penalties, the forfeiture of rights and/or the prosecution of the defaulter.
- 3.9 Incentives as well as penalties may be used in the collection process.
- 3.10 The collection process must be cost effective.
- 3.11 Results must be reported and monitored regularly and efficiently.
- 3.12 Application forms will be used to categorise consumers according to their potential risk and to determine the level of service as well as the amount of deposit required.
- 3.13 Targets and goals regarding achievements must be set for both customer care as well as collections and corrective measures must be set for underperformance.
- 3.14 Where practically possible, the customer care and the debt collection policies must be applied independent of each other and must be indicated as separate entities on the organisational structure.
- 3.15 The principle of providing services in exchange for the payment of arrears is supported.

4. DUTIES AND RESPONSIBILITIES

- 4.1 Duties and responsibilities of Council:
 - (a) To adopt a budget in support of the Integrated Development Plan.
 - (b) To implement rates and tariffs charges, and to determine service charges, monies and penalties so as to finance the budget.
 - (c) To provide for enough funding so as to guarantee access to basic services to indigents.
 - (d) To make provision for bad debts according to the payment record of the community, ratepayers and residents as indicated in the financial statements of the municipality.
 - (e) To identify targets in the collection of arrears according to acceptable accounting practise and abilities of the Municipal Manager.
 - (f) To approve a reporting framework for customer care, credit control and debt collection.
 - (g) To approve a by-law that empowers Council to execute the policy.
 - (h) To monitor the performance of the Municipal Manager in the areas of customer care, credit control and debt collections by the regulating authority (Executive Committee).
 - (i) To revise the budget if the targets for customer care, credit control and debt collecting are not met.
 - (j) To take disciplinary steps against any Councillors, officials and agents who do not act in accordance to the Council's policy and by-law.
 - (k) To approve the list of attorneys appointed to represent the Council with legal matters regarding the collecting of arrears.
 - (l) To delegate sufficient authority to the Executive Committee, Municipal Manager and service providers in order to monitor and carry out the provisions of the Customer Care, Credit Control and Debt Collection Policy.

- (m) To ensure enough capacity exists in the relevant departments to carry out the provisions of the Customer Care, Credit Control and Debt Collection Policy or else to appoint suitably qualified collection agents as an alternative.
- (n) To support the Municipal manager in the execution of his/her duties.
- (o) To provide funds for the training of staff.

4.2 Duties and Responsibilities of the Mayor:

- (a) To ensure that the Council's budget, cash flow and targets/goals regarding debt collecting according to official policy and by-law is carried out and attained.
- (b) To monitor the performance of the Municipal Manager in the implementation of the policy and by-law.
- (c) To revise the policy and by-law so as to evaluate the effectiveness of procedures, mechanisms and processes in order to improve customer care, credit control and debt collecting.
- (d) To report to the Council.

4.3 Duties and Responsibilities of the Municipal Manager:

- (a) To implement good customer care management.
- (b) To implement the Council's policy regarding customer care, credit control and debt collection.
- (c) To implement and maintain an appropriate accounting system.
- (d) To send out accounts to clients.
- (e) To claim payments on due dates.
- (f) To raise penalties against non-payments.
- (g) To allocate payments that has been received.
- (h) To collect arrear monies.
- (i) To implement "best practises".
- (j) To provide a variety of payment methods.
- (k) To determine customer care, credit control and debt collection measures.
- (l) To determine work procedures for the following: public relations, arrangements, disconnection of services, summoning, attachment of assets, sales-in-execution, write-off of bad debts, sundry debtors and legal procedures.
- (m) To appoint a firm or firms of attorneys to carry out the legal process (i.e. the attachment of and sale-in-execution of assets, salary emolument orders etc).
- (n) To establish targets for staff.
- (o) To employ staff in accordance with the Council's staff policy to carry out the policy and by-law.
- (p) To delegate certain functions to department heads.
- (q) To determine control measures.
- (r) To monitor contracts with service providers collecting the arrears.

4.4 Duties and Responsibilities of Communities, Ratepayers and residents:

- (a) To comply with the responsibilities resulting from the use of public facilities and/or the use of and/or enjoyment of municipal services.
- (b) To pay timeously before the due date all service charges, property rates and other taxes, tariffs and charges as implemented by the municipality.

- (c) To obtain a duplicate municipal account from the enquiries counter when the original account does not arrive within the normal accounts cycle.
- (d) To notify the municipality when services are no longer required at a particular service point or when an address must be changed.
- (e) To respect the mechanisms and processes of the municipality when exercising their rights.
- (f) To grant reasonable access to municipal officials to their property in the proper execution of their duties.
- (g) To acknowledge the by-laws and policies of Council.
- (h) Not to tamper with municipal services and property.

4.5 Duties and Responsibilities of Councillors:

- (a) To hold regular ward meetings (Ward Committee Members).
- (b) To uphold the by-laws and policies of Council and to inform ratepayers and residents of these policies and by-laws.
- (c) To uphold the Code of Conduct for Councillor's.
- (d) To provide input regarding the applications received from prospective indigents.
- (e) As policy makers, to avoid interfering in the administrative processes.

5. REPORTING

- 5.1 If, in the opinion of the Chief Finance Officer, cash collections are not going to meet the projected budgeted targets, then this must be reported to the Municipal Manager. The Municipal Manager must, if he agrees with the Chief Finance Officer, immediately request that the budget be reviewed and adjusted to realistically collectable levels.
- 5.2 The Mayor, as supervisory authority, must report to the Council every quarter as required by section 99(c) of the Act.

6. CUSTOMER CARE

6.1 Accounts and Invoicing

- 6.1.1 Consumers are entitled to receive an invoice from the municipality that consolidates all services and which is accurate and understandable.
- 6.1.2 Accounts will correspond with the meter reading cycle and due dates will be linked to the dates of the invoices.
- 6.1.3 Accounts will be despatched monthly approximately every 30 days to the latest address of the consumer in the records of the municipality.
- 6.1.4 It is the responsibility of the consumer to ensure that his/her address and other contact details with the municipality are correct.
- 6.1.5 Should accounts not be received by a consumer, the responsibility to pay timeously still rests with the consumer.
- 6.1.6 The due date is indicated on the invoice and normally would be as follows:
 - (a) Monthly accounts are payable on or before the 7th day, or the first working day thereafter if the 7th falls on a weekend or public holiday, in the month following the month in which the account has been rendered.
 - (b) Accounts of Councillors and Staff can be deducted from their salaries.

- 6.1.7 If an account is not paid in full, any lesser amount paid will not be considered as full and final settlement.
- 6.1.8 If any payment by negotiable instrument to the municipality or its authorised agent is returned by the bank as unpaid:
 - (a) the municipality or its authorised agent may recover the bank charges regarding the unpaid item from the account of the debtor;
 - (b) the municipality or its authorised agent must regard this as a default payment and services may only be reconnected after receipt of cash or a bank guaranteed cheque.
 - (c) the municipality may insist that all future payments be made in cash only.
- 6.1.9 If so requested, the municipality, or its authorised agent, must produce a copy tax invoice where administratively possible against the tariff as determined by Council from time to time.

6.2 Payment facilities and methods of payments

- 6.2.1 The municipality must operate suitable and acceptable bank and cash facilities and must ensure that such facilities are accessible to all residents.
- 6.2.2 The municipality must, at its own discretion, allocate a payment between services fairly. A debtor who is in arrears may not specify how the monies paid on his/her account may be allocated between the various services.
- 6.2.3 The municipality may, in terms of Section 103 of the Act and with the permission of the debtor, approach an employer to arrange for a debit order to be placed on the debtor's salary.
- 6.2.4 The debtor must acknowledge that the use of agents to pay over monies owing to the municipality is at the risk of the debtor and he/she must take into consideration the time it will take for such payment to be paid over to the municipality. This acknowledgement should be enshrined in the payment arrangement.

6.3 Incentives for regular payments

- 6.3.1 In order to encourage regular and timeous payments and in order to reward regular payers, the Council may, from time-to-time, implement measures through which such timeous and regular payments are rewarded.
- 6.3.2 If such measures are implemented, the costs related to such a scheme will be reflected in the operating expenditure as an additional item.

6.4 Enquiries, disputes and service complaints

- 6.4.1 The municipality must make provision for the following within its administrative and financial powers:-
 - (a) Establish a centralised enquiries office;
 - (b) Establish a centralised database for complaints that facilitates the co-ordination of complaints, speed up solutions and to provide effective communication with customers;
 - (c) Introduce effective training of staff that deal with the public in order to improve service delivery and communication;
 - (d) Establish a line of communication with the Council to provide feedback on the implementation of this policy as well as other issues/problems.

- 6.4.2 If a consumer is convinced that his/her account is incorrect, then he/she can make representation to the Council in writing within 30 days after rendering such account to have the account investigated and where necessary effect the necessary adjustments.
- 6.4.3 Whilst the complaint is being investigated, the consumer must pay an amount based on an average of previous 3 months consumption if the history on that account is available. If no history is available then the consumer must pay an amount as given by the municipality, without prejudice, and before the due date until the matter is amicably resolved.
- 6.4.4 The applicable department must investigate the matter and inform the consumer of the outcome of such investigation within one month.
- 6.4.5 Lessees who do not make payment arrangements or payments, will be subject to normal credit control and debt collection procedures.
- 6.4.6 A debtor may lodge an appeal, with regard to the findings as per paragraph 6.4.4, against the municipality or the municipality's authorised agent.
- 6.4.7 An appeal, in terms of paragraph 6.4.6, must be lodged with the municipality within 21 (twenty-one) days after the findings of the investigation, in terms of paragraph 6.4.4, have been communicated to the debtor and must:-
 - (a) give a detailed explanation as to why the findings are rejected;
 - (b) supply any proof obtained indicating that the meter is faulty, where applicable.
- 6.4.8 In the event of a customer alleging that any meter is defective or inaccurate, the municipality may arrange for the meter to be tested at a fee payable by the customer. In the event that the test proves that the meter is defective, the municipality will reimburse the customer.

6.5 Customer Support Program

6.5.1 Water leaks:

- (a) If the leak is on the consumer's side of the meter, then the consumer is responsible for paying the account in full.
- (b) It is the responsibility of the consumer to control and monitor his/her consumption.

6.5.2 Rules for payment arrangements

- 5.5.2.1. Arrangement for extension for payment will be in the form of a written agreement between the municipality and the customer for the payment in regular and consecutive instalments of the outstanding balance, cost and interest thereon.
 - An Acknowledgment of Debt must be completed, with all arrangements for paying off arrear accounts. Copy must be handed to client and one to be filed on debtors file.
 - Only account holders with positive proof of identification or an authorised agent will be allowed to complete the Acknowledgement of Debt.
 - Debit orders may be completed for the monthly payment of the agreed account as far as possible. If arrangement is dishonoured, the full balance will immediately become payable.
 - Where cheques are returned, "Refer to Drawer", the full balance will immediately become payable. Services to such clients will be restricted/disconnected until the full amount is paid in cash or per bank guaranteed cheque.
 - No person will be allowed to enter into a second agreement if the first agreement was dishonoured excepts in special merit cases.

- Where no arrangement was made and services are disconnected/restricted due to non-payment, it will only be restored upon payment of full outstanding balance or signing an Acknowledgement of Debt, subject to the following condition:

“if a customer is in arrears, he/she must make arrangements to remit the balance of the arrears in monthly instalments as agreed upon per month, subject thereto that a customer immediately after concluding the arrangement pay his/her current account in full in the subsequent month thereafter. All payments are to be made on or before the due date of each month. The accounts agreed upon will be paid within a period of 6 months”.

- Only the Chief Financial Officer and Division Manager-Revenue under delegated authority of the Municipal Manager may agree to extension for payment and these cases must be supported by documentary proof and previous payment record will be taken into consideration.
- Special merit cases will be referred to an extension committee comprising Chief Financial Officer, Divisional Manager: Income, Accountant: Income and Clerk: Debt Collection.

5.5.2.2. **CLAIM ON RENTAL FOR ASSESSMENT RATES IN ARREARS**

- Council will lay claim to rental due, in respect of rateable property, to cover in part or in full any amount outstanding in respect of assessment rates for a period longer than 3 months.

5.5.2.3. **CHANGE TO PREPAID**

- No consumer will be allowed to change from conventional to a prepaid meter, unless the consumer account is settled in full or at the discretion of the extension committee.
- Council may for consumers who are constantly in arrears with their account decide to have their metering systems changed to prepaid meters and the cost thereof recovered such consumer.
- Council may decide as a revenue enhancement strategy, convert all conventional meters to pre-paid metres at its discretion and the costs of such meters be recovered from the consumer.

5.5.2.4. **INTEREST WRITE-OFF**

- As a measure of revenue enhancement, Council hereby authorizes the write off of interest incurred by a consumer if the consumer settles the debt in full.
- Such write off will be done on a form containing all particulars of the debtor and the debt as well as after proof of identification has been attached to the form. Such form will be processed only after approval by the Chief Financial Officer.

6.5.3 Rates and instalments:

- (a) Property rates and annual services must be paid in twelve equal instalments.

6.6 Subsidies for indigent consumers

- 6.6.1 A basic level of services will be supplied to households that qualify and who further earn a total monthly income equal to or less than the amount as determined by Council from time-to-time.
- 6.6.2 The funding of subsidies to indigents will be funded from the equitable share as received from National Government and budgeted for in the Council's annual budget.
- 6.6.3 The services that will be subsidised are rates, electricity, sewerage, refuse removal and water.
- 6.6.4 If the consumption or usage of water and electricity is less than the subsidised provision, the balance of the subsidised allocation of water for that month will not be carried over to the next month nor may the consumer apply for a credit or a cash refund in respect of the unused allocation.
- 6.6.5 If the consumption or usage of water and electricity exceeds the subsidised allocation, the consumer will be liable to pay for the excess consumption or usage against the applicable tariff as published in the annual tariffs.
- 6.6.6 In order to restrict the increase in the debt of indigent consumers, the consumption of all recipients of the indigent grant will be restricted.
- 6.6.7 Where the account of a consumer who qualifies for an indigent grant is fully paid up or where the account is regularly settled in full, the Chief Financial Officer may exempt him/her from the restriction on consumption.
- 6.6.8 Where a consumer's personal circumstances improve to the extent that he/she no longer qualifies for the indigent grant, he/she must apply to be deregistered.
- 6.6.9 An indigent consumer can apply to be deregistered at any time.
- 6.6.10 A list of indigent consumers will be compiled and available to the general public (only erf numbers and recipients).

6.7 Consumer's Categories

- 6.7.1 Consumers will be classified into special categories which will make provision for the type of business, applicable tariff and the risk associated with service delivery. Credit control procedures, debt collection and customer care may differ between categories as determined by the Municipal Manager from time-to-time.

7. CREDIT CONTROL POLICY

7.1 Aim

- 7.1.1 To implement procedures that will reach targets set for the collection of debt, to achieve service delivery targets and the prevention of the escalation of existing debt.
- 7.1.2 To facilitate financial support in the provision of basic services for the indigent members of the community.
- 7.1.3 To provide motivation for the timeous payment of accounts.
- 7.1.4 To reduce risk through effective management aids and reporting.

7.2 Service requests and agreements

- 7.2.1 All owners of property will be required to sign agreements governing the supply and cost of municipal services
- 7.2.2 Agreements for the rendering of services with tenants will only be entered into with the written consent of the owner or his/her duly authorised agent and the owners account must be fully paid before we can do connection of the tenant
- 7.2.3 Should such a lessee not pay his/her account, the owner of the property will become liable for such debt except where the owner of the property is the municipality.
- 7.2.4 The contents of Section 118 of the Municipal Systems Act will be brought under the attention of the owner of his/her duly authorised agent.
- 7.2.5 In the agreement, consumers and owners will acknowledge liability for costs of collection, interest and penalties in the event of delayed payment.
- 7.2.6 Should a consumer not sign such an agreement with the municipality or to provide security in terms of paragraph 8.6, the municipality may:
 - (a) hold that particular consumer liable for all debt incurred at that property; and/or
 - (b) restrict or terminate the services.
- 7.2.7 Termination of the services agreement must be in writing.

7.3 Right Of Access To Property

- 7.3.1 The owner or occupier of a property must provide any authorised municipal official with access, at a reasonable time, to his/her property in order to read any meter, undertake an inspection, repair or to connect, suspend, restrict or reconnect the supply of the service.
- 7.3.2 The owner will be held responsible for the repositioning of any meter should reasonable access be denied.
- 7.3.3 Should a person fail to comply with any of the requirements, the municipality or its authorised agent may :-
 - (a) notify such person by means of a written notice to restore access within a specific time period at his/her own costs;
 - (b) in urgent cases, restore access at the expense of the owner without prior notice immediately.

7.4 Enforcement Measures

- 7.4.1 Interest may be charged, in terms of applicable legislation, as a cost on all accounts not paid by the due date.
- 7.4.2 The municipality reserves the right to restrict or suspend services, or to carry out any debt collection as a result of late payments or non-payments of accounts by any consumer, owner or property.

7.5 Theft and fraud

- 7.5.1 If it is found that any person (natural or juristic) unlawfully connects or reconnects to the municipal supply, or that he/she has tampered with the meters, reticulation network or any other equipment belonging to the municipality, or has carried out any unauthorised service associated with the delivering of services by the municipality, or has stolen or damaged municipal property, will be prosecuted or held responsible for fines as determined from time-to-time.
- 7.5.2 The municipality will immediately suspend the services or remove the service should any of the above be brought to their attention.
- 7.5.3 The total amount that is due and outstanding, including fines, interest, estimated consumption of unauthorised services, disconnection and reconnection fees as well as any increased deposit amount is payable in full before any reconnection can be considered.
- 7.5.4 The municipality will implement a monitoring system and identify teams that will trace and monitor consumers conducting any of the above offences.
- 7.5.5 An official complaint of both vandalism and theft will be lodged with the police and the municipality reserves the right to take any further legal steps against such consumers as it deems necessary.
- 7.5.6 The municipal services of any person found withholding information or giving false information in the above regard can have their supply terminated.

7.6 Selection Of Clients And Security

- 7.6.1 The credit worthiness of all applicants for municipal services may be investigated which may include information from banks, credit bureaus, local authorities, retail creditors and employers.
- 7.6.2 Security deposits, whether in cash or in any other form acceptable to the municipality, will be accepted and can vary according to the risk involved.
- 7.6.3 The municipality may increase the level of deposits at its sole discretion.
- 7.6.4 Deposits may vary according to the credit worthiness or legal classification of the applicant, subject to the minimum requirements of paragraph 8.6.2.
- 7.6.5 The municipality will not pay interest on deposits.
- 7.6.6 The amount of the deposit, less any outstanding amount due to the municipality, will be refunded at the termination of the agreement between the owner and the municipality.

7.7 Tenders Submitted To The Municipality

7.7.1 The procurement policy and tender conditions of the municipality must include the following :-

- (a) When tenders for the provision of services or for the delivery of goods are requested, potential suppliers will be subject to the provision that they will declare to the municipality that all monies owing to the municipality have either been paid in full or an acceptable arrangement (subject to offset being applied through default on the terms of the contract) has been made to pay off the balance owing subject to the terms and conditions of this policy. Such monies owing will be by the company submitting the tender, its directors, owners and/or partners.
- (b) No tender will be awarded where monies are owing without an acceptable payment arrangement has been concluded. No further debt may be allowed to accumulate during the contract period.
- (c) Tender conditions must include a clause allowing the municipality to deduct any monies owing to the municipality from the monies owing to the company/supplier in terms of the tender.

7.8 Collection Costs

7.8.1 All costs for legal procedures, including interest, fines, termination of service, costs and legal costs with regard to customer care or credit control, where applicable, will be debited to the account of the consumer and must reflect the actual costs involved.

7.9 Prepaid Meter System

7.9.1 The municipality will use the prepaid meter system for :-

- (a) the provision of electricity as a means of pre-purchasing electricity units;
- (b) to block the purchase of pre-paid electricity units in terms of customers who's accounts are in arrears in respect of rates, water, sanitation, refuse removal and sewerage for a period of more than 30 days.

8. DEBT COLLECTION POLICY

8.1 AIM

To make provision for measures and procedures for the collection of all arrears owing to the municipality emanating from the provision of services and annual levies in order to ensure the financial sustainability of the municipality and service delivery in the best interests of the community.

8.2 Personal Contact

8.2.1 Personal/telephonic/ Agent interaction

- (a) The municipality, or its agent, shall strive to, within the confines of affordability, contact all arrear debtors so as to encourage them to pay and to inform them of their arrear status and their legal rights regarding making a payment arrangement, applying for indigent assistance or any other mechanism available as from time-to-time.

- (b) Such contact, between the municipality or its agent and the debtor, is not a right to which the debtor is entitled and the collection of arrears through actions and measures will continue for whatever reason in the absence of such contact.

8.3 Service Interruptions

- 8.3.1 Consumers with arrear municipal accounts and who have not made payment arrangements with the municipality, will have their water, electricity and access to other municipal services disconnected, restricted or suspended.
- 8.3.2 The municipality reserves the right to deny or restrict the sale of electricity and/or water to debtors with rates and other service in arrears.
- 8.3.3 On the payment of arrears, including all fines, interest and penalties raised in terms of paragraph 8.3.4 and 8.3.5, or through the concluding of an acceptable payment arrangement, services will be resumed as soon as is humanly possible.
- 8.3.4 The cost of restricting or disconnection, including reconnection, will be determined by the tariffs as approved by the Council and will become due and payable by the consumer.
- 8.3.5 The deposit of a defaulter will be adjusted accordingly in accordance with the applicable policy of the Council.

8.4 Legal procedures

(Use of attorneys/Use of credit Bureaus)

- 8.4.1 Where a debtor is in arrears with his/her account, the municipality can institute legal proceedings against the debtor. These proceedings are not restricted to, but can include the following steps: final warnings; summonses; court proceedings; fines; attachment orders and as a last resort, a sale-in-execution.
- 8.4.2 The municipality must exercise strong control over the legal process so as to ensure accuracy and legality and will require regular reports reflecting progress made from the person in charge of the collections from whoever has been appointed by the Council to carry out the collections.
- 8.4.3 The municipality will agree on procedures and processes with such collection agents.
- 8.4.4 Administrative orders for persons who are employed will be preferable to sales-in-execution although both actions form part of the municipality's collection procedures.
- 8.4.5 All steps taken in the collection process will be recorded for the municipality's as well as the debtor's information.
- 8.4.6 All costs incurred in the collection process are for the account of the debtor.
- 8.4.7 Individual debtor's accounts are confidential and not for general public knowledge. Such information can, however, be made available to Credit Bureaus by the municipality. Such disclosure will be in the form of a written notification and protection of this info will be embodied in the agreement drawn up between the municipality and its customers.
- 8.4.8 The municipality may reconsider the cost effectiveness of this process and report to the executive committee on all aspects regarding this process.
- 8.4.9 On the recommendation of the Municipal Manager, Council may consider the use of agents and latest debt collection practises and products. Cost efficiency, the willingness of collection agents to work within the acceptable codes of conduct and the welfare of such agents and products will all form part of the agreement entered into by the Council.

- 8.4.10 Consumers will be informed of the powers and rights of collection agents as well as their responsibilities regarding codes of conduct.
- 8.4.11 Any agreement entered into between the Council and a collection agent must include a clause stating that any breach of any of the clauses of the agreement will result in such agreement being terminated.

8.5 Non-Collection Of Debts

- 8.5.1 The Municipal Manager must ensure that all avenues are pursued to collect all monies owing to the municipality.
- 8.5.2 There are circumstances, such as Section 109(2) of the Act where under collection processes can be suspended such as:-
 - (a) When the debtor is declared insolvent and his/her estate does not have enough money to liquidate his/her debts:
 - (b) A balance that is so small as to make collection costs unviable;
 - (c) Where the Council is of the opinion that the debtor or group of debtors is/are not in a position to pay their debt.
- 8.5.3 An audit trail will be retained in all the above cases stating reasons why these monies are not being collected by the municipality.

9. PROVISION FOR BAD DEBT

- 9.1 The objective for the provision of bad debt is to make a realistic provision annually in the Revenue Budget to cater for charges raised in terms of the budget that cannot be collected.
- 9.2 The calculation of the provision for bad debt will be based on an extract of Council's debtors' book as at the last day of the financial year.
- 9.3 The extract of Council's debtors' book must reflect detailed ageing of the debt within the following debt categories:-
 - (a) Debt per service; and
 - (b) Debt per type of debtor.
- 9.4 A provision for bad debt amount will be calculated in terms of each of the abovementioned categories and will be submitted to the Chief Financial Officer for consideration of the provision amount to be included in the Revenue Budget.
- 9.5 The provision for bad debt amount will be an accumulative expression of a percentage of the amount of the debt occurrence at a certain ageing category and an amount that represents an accumulation of individual debt amounts.
- 9.6 When calculating the provision for bad debt in terms of the debt per service category the following must be considered:-
 - (a) The probability of the ageing of the debt.
 - (b) The payment trend of each of the services billed.
 - (c) The probability of recovery between the different types of services. The probability of recovering property rates versus the recovery of other services in the same ageing occurrence will be higher, as property rates is a tax and only prescribes after 30 (thirty) years in terms of relevant legislation.

- 9.7 When calculating the provision for bad debt in terms of the debt per type of debt category the following must be:-
- (a) The probability of the ageing of the debt.
 - (b) The debt as per the following debtor groups identified considered (note that the type of debtors that make up the groups below will be those as detailed in the financial management system at the time of the date extraction):-
 - (i) Domestic;
 - (ii) Business;
 - (iii) Government departments;
 - (iv) Municipal staff and Councillors;
 - (v) Other debtors.
 - (c) The debt on the following debt groups are to be excluded from the provision calculation, as the debt is deemed to be collectable:-
 - (i) Government departments;
 - (ii) Municipal staff and Councillors;
 - (d) The debt on the following debt groups are to be fully provided for in the provision calculation, as the debt is deemed to be not collectable:-
 - (i) Indigent debtors;
 - (ii) Debtors under administration;
 - (iii) Insolvent and liquidated estates;
 - (iv) Deceased indigent estates;
 - (v) Informal settlements;
 - (vi) Debt that has prescribed;
 - (vii) Uncollectable business debt after legal action;
 - (viii) Uncollectable domestic debt after legal action.
 - (e) The payment trend of each of the debtor groups.
 - (f) When determining the provision percentages on domestic debtors the demographics of the municipal area must be taken into account, as the probability of recovery of debt will be higher in the high income suburbs as compared to the recovery of debt in the low income suburbs.
- 9.8 The provision for bad debt is based on the likelihood of non-payment. In order to determine this likelihood of payment or not, each debtor needs to be evaluated separately and categorised based on the degree of payment expectancy.
- 9.9 The evaluation of a debtor is firstly based on payment history, prior to the effective date of provision and secondly on the payment history during the period immediately after the effective date of provision.
- 9.10 The evaluation process is discussed below:-

(a) Historical review

- (i) Likely payers - All debtors, regardless of age or amount, who have made payments during each of the six payment periods/months prior to the effective date of provision, will be categorised as **debtors likely to pay** and no provision for bad debts will be made on these accounts.
- (ii) Possible payers – All debtors, regardless of age or amount, who have made at least one payment within the six payment periods/months prior to the effective date of provision, will be categorised as **possible payers** and no provision for bad debts will be made on these accounts.
- (iii) Likely not to pay – All debtors, regardless of age or amount, who have not made any payments during any of the six payment periods/months prior to the effective date of provision, will be categorised as **debtors unlikely to pay** and the full amount of the outstanding debt will be provided under the provision for bad debts.

(b) Current review

- (i) Likely payers – All debtors, regardless of the categorisation under the historical review, who have made payments or signed an agreement to pay, during each of the payment periods/months after the effective date of provision, will be categorised as **debtors likely to pay** and no provision for bad debts will be made on these accounts.
- (ii) Possible payers – All debtors previously categorised under (9)(a)(i) or (9)(a)(ii), who have made payments or signed an arrangement to pay, during any of the payment periods/months after the effective date of provision, will be categorised as **possible payers** and no provision for bad debts will be made on these accounts.
- (iii) Likely not to pay (1) – All debtors previously categorised under (9)(a)(iii), who have not made payments during each of the payment periods/months after the effective date of provision, will still be categorised as **debtors unlikely to pay** and the full amount outstanding on their accounts will be provided under the provision for bad debts.
- (iv) Likely not to pay (2) – All debtors previously categorised under (9)(a)(i) or (9)(a)(ii), who have made no payments during any of the payment periods/months after the effective date of provision, will also be categorised as **debtors unlikely to pay** and the full amount outstanding on their accounts will be provided under the provision for bad debts.

10. SHORT TITLE

This policy will be known as the Credit Control and Debt Collection Policy of the Modimolle Local Municipality.

2. **VIREMENT POLICY**

1. **PREAMBLE**

The Modimolle Local Municipality strives to manage its resources diligently. The municipality therefore is moving away from the traditional approach of appropriating/approving budgets by line item.

2. **VISION**

To be a municipality that manages its budget in terms of the latest legislation and updated policies.

3. **MISSION**

To have a Virement policy in place that provide clear guidance to managers when and how to move funds between items, projects, programmes and votes.

4. **DEFINITIONS AND ABBREVIATIONS**

4.1 **Definitions**

- (i) ***Accounting officer***
The municipal manager of a municipality is the accounting officer of the municipality in terms of section 60 of the MFMA.
- (ii) ***Approved budget***
Means an annual budget approved by a municipal council.
- (iii) ***Budget-related policy***
Means a policy of a municipality affecting or affected by the annual budget of the municipality.
- (iv) ***Chief financial officer***
Means a person designated in terms of the MFMA who performs such budgeting and other duties as may in terms of section 79 of the MFMA be delegated by the accounting officer to the chief financial officer.
- (v) ***Capital budget***
This is the estimated amount for capital items in a given fiscal period. Capital items are fixed assets such as facilities and equipment, the cost of which is normally written off over a number of fiscal periods.
- (vi) ***Council***
Means the council of a municipality referred to in section 18 of the Municipal Structures Act.
- (vii) ***Financial year***
Means a 12 month year ending on 30 June.
- (viii) ***Line item***
An appropriation that is itemized on a separate line in a budget adopted with the idea of a greater control over expenditures.
- (ix) ***Operating budget***
The Municipality's financial plan, which proposes expenditures for the coming financial year and estimates the revenues used to finance them.
- (x) ***Ring fenced***
An exclusive combination of line items grouped for specific purposes for instance salaries and wages.
- (xi) ***Service delivery and budget implementation plan***

Means a detailed plan approved by the mayor of a municipality in terms of section 53(1) (c) (ii) for implementing the municipality's delivery of municipal services its annual budget and the Integrated Development Plan

(xii) **Virement**

Is the process of transferring an approved budget allocation from one operating line item of capital project to another, with the approval of the relevant Manager. To enable the budget managers to amend budgets in the light of experience or to reflect anticipated changes.

(xiii) **Vote**

Means one of the main segments into which a budget of a municipality is divided for the appropriation of funds for the different departments or functional areas of the municipality; and which specifies the total amounts that is appropriated for the purposes of the department or functional area concerned.

4.2 Abbreviations

1.	CFO	-	Chief Financial Officer
2.	IDP	-	Integrated Development Plan
3.	MFMA	-	Municipal Finance Management Act No 56 of 2003
4.	MLM	-	Modimolle Local Municipality
5.	SDBIP	-	Service delivery and budget implementation plan
6.	CM	-	Council Minute's
7.	EXCO	-	Executive Committee

5. LEGAL FRAMEWORK

Constitution of RSA.

Municipal Systems Act no 32 of 2000.

Municipal Finance Management Act no 56 of 2003.

Municipal Budget and Reporting Regulations. GG32141 of 2009

National Treasury: MFMA Circular No 13 – Service Delivery and Budget Implementation Plan.

National Treasury: MFMA Circular No 51 – Municipal Budget Circular for 2010/11 MTREF.

6. SCOPE OF APPLICATIONS

The policy is applicable to all employees and Councillors of Modimolle Local Municipality.

7. OBJECTIVE

To allow limited flexibility in the use of budgeted funds to enable management to act on occasions such as disasters, unforeseen expenditure or savings, etc. as they arise to accelerate service delivery in a financially responsible manner.

8. PRINCIPLES

- 8.1 Virements should not be permitted in relation to the revenue side of the budget;
- 8.2 Virements between votes should be permitted where the proposed shifts in funding facilitate sound risk and financial management (e.g. the management of central insurance funds and insurance claims from separate votes);
- 8.3 Virements from the capital budget to the operating budget should not be permitted;
- 8.4 Virements towards personnel expenditure should not be permitted;

- 8.5 Virements to or from the following items should not be permitted: bulk purchases; debt impairment, interest charges; depreciation, grants to individuals, revenue foregone, insurance and VAT;
- 8.6 Virements should not result in adding 'new' projects to the Capital Budget;
- 8.7 Virements of conditional grant funds to purposes outside of that specified in the relevant conditional grant framework must not be permitted; and
- 8.8 There should be prudent limits on the amount of funds that may be moved to and from votes and sub-votes

9. CONTENTS

9.1 Virement Clarification

Virement is the process of transferring budgeted funds from one line item number to another, with the approval of the relevant Manager and CFO, to enable budget managers to amend budgets in the lights of experience or to reflect anticipated changes. (Section 28 (2) (c) MFMA).

9.2 Financial Responsibilities

- 9.2.1 Strict budgetary control must be maintained throughout the financial year in order that potential overspends and/or income under-recovery within individual vote departments is identified at the earliest possible opportunity (Section 100 MFMA).
- 9.2.2 The Chief Financial Officer has a statutory duty to ensure that adequate policies and procedures are in place to ensure an effective system of financial control. The budget virement process is one of these controls (Section 24(4) MFMA).
- 9.2.3 It is the responsibility of each manager or head of department or activity to which funds are allotted, to plan and conduct assigned operations so as not to expend more funds than budgeted. In addition, they have the responsibility to identify and report any irregular of fruitless and wasteful expenditure in terms of the MFMA section 78 and 102.
- 9.2.4 A copy of all budget transfer forms must be kept in the virement file, together with any supporting workings/e-mails by the Divisional Manager Budget and Reporting
- 9.2.5 Request for transfers of fund shall be done beforehand and not afterwards. In the case where the expenditure is authorized afterwards, the actions of the S57 manager will have to be condoned by Council. The council will have to consider the provisions of the MFMA regarding Unauthorized Expenditure and Irregular Expenditure.

9.3 Virement Restrictions

- 9.3.1 No funds may be transferred between votes without approval of both vote holders and the CFO and the Municipal Manager and Council.
- 9.3.2 A Virement may not create new policy, significantly vary current policy, or alter the approved outcomes/outputs as approved in the IDP for the current or subsequent years. (Section 19 and 21 MFMA)
- 9.3.3 Virements resulting in adjustments to the approved SDBIP need to be submitted with an adjustment budget to the Council with altered outputs and measurements for approval (MFMA Circular 13 page 3 paragraph 3)
- 9.3.4 No virement may commit the Municipality to increase recurrent expenditure, which commits the Council's resources in the following financial year, without the prior ap-

- proval of the Council.(This refers to expenditure such as entering into agreements into lease or rental agreements such as vehicles, photo copiers or fax machines)
- 9.3.5 No virement may be made where it would result in over expenditure.
(Section 32 MFMA)
- 9.3.6 No virement shall add to the establishment of the Municipality without the approval of Municipal Manager.
- 9.3.7 If the virement relates to an increase in the work force establishment, then the Council's existing recruitment policies and procedures will apply.
- 9.3.8 Virements may not be made in respect of ring-fenced allocations. E.g. this means virements may not be made from personnel expenditure to other operating expenditure and vice versa.
- 9.3.9 Virements of conditional grant funds to purposes outside of that specified in the relevant conditional grant framework is not permitted.
- 9.3.10 Budget transfers to or from the following items are not permitted: bulk purchases, debt impairment, interest charges, salaries, support service (interdepartmental) costs, capital financing, depreciation, contributions, insurance and VAT.
- 9.3.11 No virement may be made to entertainment votes or for catering above what was originally budgeted.
- 9.3.12. Virements may not exceed a maximum of 10% of the line item on the approved capital expenditure budget.
- 9.3.13 Virements may not exceed a maximum of 15% of the line item on the approved operating expenditure budget.
- 9.3.14 Virements in capital budget allocations are only permitted within specified action plans and not across funding sources.
- 9.3.15 No virements shall create new capital projects without approval of Council.
- 9.3.16 Virements from the capital budget to the operating budget are not permitted.
- 9.3.17 No virements are permitted in the first three months or the final month of the financial year without the express agreement of the CFO and the Municipal Manager and then only in extreme circumstances.
- 9.3.18 Virement amounts may not be rolled over to subsequent years, or create expectations on following budgets (Section 30 MFMA).
- 9.3.19 An approved virement does not give expenditure authority and all expenditure resulting from approved virements must still be subject to the procurement/supply chain management policy of Council as periodically reviewed.
- 9.3.20 Virements are not permitted in relation to the revenue side of the budget.

9.4 **Breakdown Of Votes**

For the purpose of the capital and operating budget, the following is classified as votes:

Executive and Council
Budget and Treasury
Social Services
Corporate Services
Technical Services
Planning Department
And any other department as may be approved by Council.

9.5. **Virement Procedure**

- 9.5.1 All virement proposals must be completed on the appropriate documentation and forwarded to the Divisional Manager Budget and Reporting for checking, after which it is submitted to the CFO and MM for approval and the back to the Divisional Manager Budget and Reporting for implementation.
- 9.5.2 All virements must be signed by the Manager within which the vote is allocated. (Section 79 MFMA)
- 9.5.3 A virement form (Budget Transfer Form) must be completed for all Budget Transfers.
- 9.5.4 All virements require the recommendation of the CFO and the Approval of the Municipal Manager. (Section 79 MFMA)
- 9.5.5 All virements must include changes to the SDBIP, especially on the capital works plan of projects.
- 9.5.6 All documentation must be in order and approved before any expenditure (including the order) can be committed or incurred.(Section 79 MFMA)

9.6 Delegations on Capital Budgets

A Capital Budget is approved per line items or per project. This in effect means that council does not allow any discretion to an official other than delivering on the decision. Any saving or shortfall must be reported to council for them to decide on the future utilization of the savings as well as to seek additional funds for the execution of a project in the case of a shortfall in the budgeted amount to complete the project. If however, a transfer is needed between two projects within the same priority/department and the transfer is less than 10% of the voted, this can be done with the approval of the Municipal Manager.

9.7. Delegations On Transfers

A vote in terms of the National guidelines is determined as one of the main segments into which a budget of a municipality is divided into for the appropriation of funds. In MLM, a vote is a Department in the operating and capital budget and the Municipal Manager can only be delegated to approve shifting of funds within a department. As far as the reallocation of funds between departments is concerned, it cannot be delegated and Council has to decide on these items in the Adjustment Budget annually.

10. IMPLEMENTATION

This policy will be implemented and become effective once recommended by the EXCO and approved by Council.

11. COMMUNICATION

This policy will be communicated to all Municipal Councilors and managers using the full range of communication methods available to the municipality.

12. BUDGET AND RESOURCES

The financial and resource implications will be considered as a in house expenditure

13. ROLES AND RESPONSIBILITIES

- 13.1 The line manager requesting the budget transfer complete Page 1 of the Budget Transfer Form obtained from the Divisional Manager: Budget and Reporting and submit to the manager for recommendation.
- 13.2 The Divisional Manager: Budget and Reporting process the applications by verifying the vote numbers and budgets available.
- 13.3 The form goes to the CFO for approval
- 13.4 After the CFO approved the application the MM gives the final approval.
- 13.5 The Divisional Manager: Budget and Reporting captures the application on the financial system.

14. RECORD KEEPING

All Budget Transfer Forms will be filled in the Budget and Reporting Office.

15. DISPUTE RESOLUTION

Any dispute arising from the application for a Virement will be referred to the CFO.

16. PENALTIES

Non-compliance to any of the stipulation contained in this policy will be regarded as misconduct, which will be dealt with in terms of the Disciplinary Code.

17. POLICY REVIEW

This policy will be reviewed annually and revised as necessary.

18. ANNEXURES

Budget transfer form.

3. INVESTMENT POLICY

1. PREAMBLE

The purpose of the policy is to ensure that all investments made by Modimolle Local Municipality (MLM) comply with the Investment Regulations issued by National Treasury in terms of the Municipal Finance Management Act No 56 of 2003.

Council needs to ensure that monies not immediately required are invested to obtain fair returns without compromising provision of basic municipal services, the safety of the surplus cash invested and liquidity.

2. OBJECTIVE

The objectives of the policy are as follows

- Ensuring that cash resources are managed effectively and efficiently.
- Ensuring that investments are placed with reputable institutions for the purpose of capital investments and diversification of the Investment Portfolio.
- Ensuring that adequate liquidity is maintained at all times for management of cash flows.
- Ensuring that MLM receives optimal interest on its investments with financial institutions at minimal risk.

3. SCOPE OF APPLICATION

This policy is applicable to the Council, Accounting Officer, Chief Financial Officer and employees of MLM who have been delegated with the authority by the Accounting Officer to invest the funds of MLM.

This policy will also be applicable to any investment manager who acts on behalf of, or assists MLM or municipal entity in managing its investments.

4. DEFINITIONS

Accounting Officer	-	Municipal Manager of MLM
Chief Financial Officer	-	A person designated in terms of section 80(2)(a) of the MFMA
Councillor	-	Member of MLM Municipal Council;
Delegation	-	In relation to a duty, includes an instruction or request to perform or to assist in performing the duty;
Investment	-	In relation to funds of a municipality, means— (a) the placing on deposit of funds of a municipality with a financial institution; or (b) the acquisition of assets with funds of a municipality not immediately required, with the primary aim of preserving those funds;

Investment manager	-	<p>A natural person or legal entity that is a portfolio manager registered in terms of the Financial Markets Control Act, No 55 of 1989, and Stock Exchanges Control Act, No 1 of 1985, contracted by MLM to:</p> <ul style="list-style-type: none"> - advise on investments; or - manage investments on its behalf. <p>Investment Regulations-The Regulations as prescribed under the MFMA through Government Gazette No 27431 dated 1 April 2005</p>
Liquidity	-	The financial ability of MLM to service its debts when falling due.
Long-term investment	-	Any cash or liquid securities owned by MLM which have a maturity date that is greater than one year.
MFMA	-	The Local Government: Municipal Finance Management Act, No 56 of 2003
Municipal Manager	-	A person appointed by the Municipality in terms of Section 82 of the Municipal Structures Act, and who is the Head of Administration and also the Accounting Officer for the Municipality.
Primary bank account	-	A bank account referred to in section 8(1) of the MFMA;
Short-term investment	-	Any cash or liquid securities owned by MLM which have a maturity date that is equal to or less than one year.
Standards of Generally Recognized Accounting Practice –		<p>An accounting practice complying with standards applicable to municipalities or municipal entities and issued in terms of Chapter 11 of the Public Finance Management Act;</p>
MLM	-	Modimolle Local Municipality as established in terms of the Municipal Structures Act 117 of 1998.

5. LEGISLATIVE REQUIREMENTS

In terms of MFMA section 7(3), a municipality may not open a bank account—

- (a) abroad;
- (b) with an institution not registered as a bank in terms of the Banks Act, 1990 (Act No. 94 of 1990); or
- (c) otherwise than in the name of the municipality.

In terms of MFMA Section 13:

- (1) The Minister, acting with the concurrence of the Cabinet member responsible for local government, may prescribe a framework within which municipalities must—
 - (a) conduct their cash management and investments; and
 - (b) invest money not immediately required.
- (2) A municipality must establish an appropriate and effective cash management and investment policy in accordance with any framework that may be prescribed in terms of subsection (1).

National Treasury, through Government Gazette No 27431, published Municipal Investment Regulations, which municipalities were required to apply as guidelines when preparing a Cash Management and Investment Policy with effect from 1 April 2005.

6. AUTHORITY

In terms of MFMA section 10

- (1) The accounting officer of a municipality—
 - (a) must administer all the municipality's bank accounts, including a bank account referred to in section 12 or 48(2)(d);
 - (b) is accountable to the municipal council for the municipality's bank accounts;
- (2) The accounting officer may delegate the duties referred to in subsection (1)(c) to the municipality's chief financial officer only.

In terms of MFMA section 11(1), only the accounting officer or the chief financial officer of a municipality, or any other senior financial official of the municipality acting on the written authority of the accounting officer, may withdraw money or authorise the withdrawal of money from any of the municipality's bank accounts for cash management and investment purposes in accordance with section 13;

The delegation to the Chief Financial officer or any other senior financial officials of the municipality will be in terms of Section 79 of the MFMA and Section 59 of Local Government: Municipal Systems Act No 32 of 2000.

The Municipal Council is vested with the authority to make long-term investments in terms of Section 48 of the MFMA.

7. STANDARD OF CARE TO BE EXERCISED

Investments –

- a) must be made with such judgment and care, under the prevailing circumstances, as a person of prudence, discretion and intelligence would exercise in the management of that person's own affairs;
- b) may not be made for speculation but must be a genuine investment, and
- c) must in the first instance be made with primary regard being to the probable safety of the investment, in the second instance to the liquidity needs of the municipality or municipal entity and lastly to the probable income (yield) derived from the investment.
- d) Investments must be placed with institutions listed in paragraph 8 below.

8. PERMITTED INVESTMENTS

The following are permitted investments:

- a. securities issued by the national government,
- b. listed corporate bonds with an investment grade rating from a nationally or internationally recognized credit rating agency,
- c. deposits with banks registered in terms of the Banks Act, 1990 (Act No. 94 of 1990),
- d. deposits with the Public Investment Commissioners as contemplated by the Public Investment Commissioners Act, 1984 (Act No. 45 of 1984),
- e. deposits with the Corporation for Public Deposits as contemplated by the Corporation for Public Deposits Act, 1984 (Act No. 46 of 1984),
- f. banker's acceptance certificates or negotiable certificates of deposit of banks registered in terms of the Banks Act, 1990,
- g. guaranteed endowment policies with the intention of establishing a sinking fund,
- h. repurchase agreements with banks registered in terms of the Banks Act, 1990,
- i. municipal bonds issued by a municipality, and
- j. any other investment type as the Minister may identify by regulation in terms of section 168 of the MFMA, in consultation with the Financial Services Board.

9. INVESTMENTS DENOMINATED IN FOREIGN CURRENCIES PROHIBITED

An investment can only be made if the investment is denominated in Rand and is not indexed to, or affected by, fluctuations in the value of the Rand against any foreign currency.

10. PAYMENT OF COMMISSION

- i. No fee, commission or other reward may be paid to a councillor or official or to a spouse or close family member of such councillor or official in respect of any investment made.
- ii. If Council pays any fee, commission or other reward to an investment manager in respect of any investment made, both Council and the investment manager must declare such payment to council by way of a certificate disclosing full details of the payment.

11. PROCEDURES FOR INVESTING FUNDS

- a) Quotations should be obtained from at least 3 financial institutions for the term for which the investment is placed. In the event of one of the financial institutions offering a more beneficial rate for an alternative term, the other institutions should be invited to quote on the alternative term as well.

- b) Upon maturity of an investment, the bank balance is obtained. Future commitments are determined and any money in excess of **R 10 million** that is not required immediately should be invested.
- c) Investments should be reinvested within 24 hours after maturing.
- d) Written quotations must be obtained from the list of qualified institutions. Interest rates from one institution may not be disclosed to another institution.
- e) The period of investment should be determined in accordance with the liquidity needs and maturity dates of other investments.
- f) The investments of MLM should be spread over multiple qualified institutions as a method of decreasing exposure risk.
- g) The factors taken into account when deciding on an investment thus is the liquidity needs of MLM ensuring that the investment maturity dates are spread over time, the interest rates of various institutions and the total amount invested with the various qualified institutions.
- h) The quotation sheet must be authorized by the Chief Financial Officer or Municipal Manager.
- i) Once an investment is made a certificate or written confirmation must be obtained from the financial institution.
- j) the following functions must be carried out on a monthly basis or as the investment matures:
 - I. Obtain statements on a monthly basis regarding the investments from the relevant financial institutions.
 - II. Interest must be recalculated so as to ensure that it agrees to the rates per the statements.
 - III. Interest received must be captured on the financial system and reconciled to the investment register and general ledger.
 - IV. The investment register must be updated on a monthly basis.

12. PROCEDURES FOR WITHDRAWING INVESTMENTS

- a) The councils liquidity needs must be assessed by the Chief Financial Officer before any investments are withdrawn.
- b) Only the accounting officer or the chief financial officer of the municipality, or any other senior financial official of the municipality acting on the written authority of the accounting officer, may withdraw money or authorize the withdrawal of money from any investment account.
- c) The financial institution must be informed in writing, on a MLM letterhead, with the following information on it:
 - I. The financial institutions name and address
 - II. The investments number.
 - III. The amount being withdrawn.
 - IV. The effective date.
 - V. The signatures of the authorized officials.
- d) All investments being withdrawn must be paid into the primary bank account of MLM.

13. REPORTING REQUIREMENTS

- 1. The Municipal Manager must within 10 working days of the end of each month, as part of the section 71 report required by the MFMA, submit to the Mayor a report describing in accordance with generally recognized accounting practice (GRAP) the investment portfolio as at the end of the month.
- 2. The report referred to in sub-paragraph 10.1 must set out at least –
 - (a) the market value of each investment as at the beginning of the reporting period,
 - (b) any changes to the investment portfolio during the reporting period,
 - (c) the market value of each investment as at the end of the reporting period, and
 - (d) fully accrued interest and yield for the reporting period.

3. A register of investments is kept in the Budget & Treasury Office reflecting the following information:
 - (a) Date of investment
 - (b) Amount of investment
 - (c) Institution invested with
 - (d) Rate of interest
 - (e) Period of investment
 - (f) Amount of return/interest
 - (g) Maturity Date
4. This register is to be reconciled monthly and reported on.
- 4.1 In complying with Section 70(2) of the MFMA, the Chief Financial Officer must report to National/Provincial Treasury and Council whenever the consolidated bank balances shows a net overdrawn balance for a period exceeding 14 working days.

Such report must provide:

 - (a) The amount by which the accounts are overdrawn
 - (b) Reasons for the overdrawn accounts, and
 - (c) Steps taken or to be taken to correct the situation.

14. CREDIT REQUIREMENTS

- (1) Council must take all reasonable and prudent steps consistent with its investment policy and according to the standard of care set out in paragraph 5, to ensure that it places its investments with institutions permitted in paragraph 8 above. .
- (2) Council must -
 - (a) regularly monitor its investment portfolio, and
 - (b) when appropriate liquidate an investment that no longer has the minimum acceptable credit rating.

15. PORTFOLIO DIVERSIFICATION

Council will take all reasonable and prudent steps to diversify its investment portfolio across institutions, types of investment and investment maturities.

16. INVESTMENT MANAGER/ADVISOR

An investment advisor who is appointed through MLM Supply Chain Management Policy may be used for investments exceeding R 20 million. However, the institution and type of investments must be approved by Council.

17. MISCELLANEOUS PROVISIONS

- (1) The responsibility and risk arising from any investment transactions vests in Council.
- (2) All investments made must be in the name of Modimolle Local Municipality.
- (3) Council may not borrow money for the purpose of investment.

18. IMPLEMENTATION

This policy must be implemented by the Chief Financial Officer and employees of MLM who have been delegated with the authority by the Accounting Officer to invest the funds of Modimolle Local Municipality.

Any employee who breaches this policy shall be liable for disciplinary measures.

19. EFFECTIVE DATE

This policy will be effective from the date approved by Council.

4. ASSET MANAGEMENT

PURPOSE

The purpose of this policy is to ensure the economic, efficient and effective control, utilisation, safeguarding and management of Council's assets. This policy significantly revises the existing policy dated 14 February 2008. The significant revision arises from the following developments:

- The intention of the Modimolle Municipality to implement and comply with Standards of Generally Recognised Accounting Practice (GRAP) for the 2008/09 financial year. For the purpose of this revised policy, the applicable standard is GRAP 17 and to some extent GRAP 16.
- The intention to comply with the Asset Transfer Regulations as contained in National Treasury Gazette Number 31346 issues on 22 August 2008.

BACKGROUND

Constitutional And Legal Framework

The South African Constitution requires municipalities to strive, within their financial and administrative capacity, to achieve the following objects:

- providing democratic and accountable government for local communities;
- ensuring the provision of services to communities in a sustainable manner;
- promoting social and economic development;
- promoting a safe and healthy environment; and
- encouraging the involvement of communities and community organisations in matters of local government.

The manner in which a municipality manages (its fixed) assets is central to meeting the above challenges. Accordingly, the Municipal Systems Act (MSA) specifically highlights the duty of municipalities to provide services in a manner that is sustainable, and the Municipal Finance Management Act (MFMA) requires municipalities to utilise and maintain their assets in an effective, efficient, economical and transparent manner. The MFMA specifically places responsibility for the management of municipal assets with the Municipal Manager.

The Occupational Health and Safety Act (OHSA) requires municipalities to provide and maintain a safe and healthy working environment, and in particular, to keep its assets safe.

Accounting standards

The accounting standards that apply to municipalities are in transition. The MFMA requires municipalities to comply with the Standards of Generally Recognised Accounting Practice (GRAP), in line with international practice. The Accounting Standards Board (ASB) has approved a number of Standards of Generally Recognised Accounting Practice (GRAP) which replaced the Generally Accepted Municipal Accounting Practice (GAMAP).

GRAP 17 on Property, Plant and Equipment is the critical accounting standard that provides guidance on the recognition, measurement, presentation and disclosure of items of PPE in the financial statements of municipalities and municipal entities. Other related standards are Grap 12 and 16 on Inventories and Investment Property, respectively.

Key changes include the recognition of depreciation of assets as an expense, and grants as revenue. A Government Grants Reserve, Donations and Public Contribution Reserve and Capitalisation Reserve need to be established, based on the source of funding of assets. Immovable assets need to be unbundled and each significant component is individually recognised and accounted for. In cases where there is an active and liquid market for assets (such as offices and vehicles) valuation is on a market basis, whereas specialised buildings (such as community facilities) and infrastructure (such as a water supply network) are valued using a depreciated replacement cost. Significant changes in the value of property, plant and equipment over time need to be reflected through periodic revaluation. Modimolle Municipality intends converting to GRAP in the 2008/09 financial year. As a low capacity municipality certain transitional provisions will apply when implementing the relevant GRAP standards that deal with assets.

MANAGEMENT OF INFRASTRUCTURE ASSETS

Effective management of infrastructure and community facilities is central to the municipality providing an acceptable standard of services to the community. Infrastructure impacts on the quality of the living environment and opportunities to prosper. Not only is there a requirement to be effective, but the manner in which the municipality discharges its responsibilities as a public entity is also important. The municipality must demonstrate good governance and customer care, and the processes adopted must be efficient and sustainable. Councillors and officials are custodians on behalf of the public of infrastructure assets, the replacement value of which amounts to several hundred million Rands.

Key themes introduced in national legislation relating to municipal infrastructure management include:

- long-term sustainability and risk management;
- service delivery efficiency and improvement;
- performance monitoring and accountability;
- community interaction and transparent processes;
- priority development of minimum basic services for all; and
- provision of financial support from central government in addressing the needs of the poor.

Legislation has also entrenched the Integrated Development Plan (IDP) as the principal strategic planning mechanism for municipalities. However, the IDP cannot be compiled in isolation for the above objectives to be achieved. The IDP needs to be informed by robust, relevant and holistic information relating to the management of the municipality's infrastructure.

There is a need to direct limited resources to address the most critical needs, to achieve a balance between maintaining and renewing existing infrastructure whilst also addressing backlogs in basic services and facing ongoing changes in demand. Making effective decisions on service delivery priorities requires a team effort, with inputs provided by officials from a number of departments of the municipality, including infrastructure, community services, financial planning, and corporate services.

DPLG has prepared guidelines in line with international practice, that propose that an Infrastructure Asset Management Plan (IAMP) is prepared for each sector (such as potable water, roads etc). These plans are used as inputs into a Comprehensive Infrastructure Plan (CIP) that presents an integrated plan for the municipality covering all infrastructures. This is in line with the practice adopted in national and provincial spheres of government in terms of the Government-wide Immoveable Asset Management Act (GIAMA).

Accordingly, the asset register adopted by a municipality must meet not only financial compliance requirements, but also set a foundation for improved infrastructure asset management practice.

OBJECTIVES

The objective of this policy is for the municipality to:

- implement accrual accounting in terms of prevailing accounting standards; and
- apply asset management practice in a consistent manner and in accordance with legal requirements and recognised good practice.

APPROVAL AND EFFECTIVE DATE

The Municipal Manager is responsible for the submission of this document to Council to consider its adoption. Council shall indicate the effective date for implementation of the policy.

KEY RESPONSIBILITIES

Municipal Manager

In terms of Section 63 of the MFMA, the Municipal Manager is responsible for the management of the assets of the municipality, including the safeguarding and the maintenance of those assets.

The Municipal Manager shall ensure that:

- An Asset Management Committee is established, through which all asset processes and procedures will be implemented.
- The municipality has and maintains a management, accounting and information system that accounts for the assets of the municipality;
- The municipality's assets are valued in accordance with the standards of generally recognised accounting practice (GRAP);
- The municipality has and maintains a system of internal control of assets, including an asset register; and
- The Senior Managers and their teams comply with this policy.

As Accounting Officer of the municipality, the Municipal Manager shall be the principal custodian of all the municipality's fixed assets, and shall be responsible for ensuring that this policy is effectively applied on adoption by Council. To this end, the Municipal Manager shall be responsible for the preparation, in consultation with the CFO and Senior Managers, of procedures to effectively and efficiently apply this policy.

Chief Accounting Officer

The Chief Financial Officer (CFO) is responsible to the Municipal Manager to ensure that the financial investment made in the municipal assets is safeguarded and maintained.

The CFO, as one of the Senior Managers of the municipality, shall also ensure, in exercising his/her financial responsibilities, that:

- Appropriate systems of financial management and internal control are established and carried out diligently;
- The financial and other resources of the municipality are utilized effectively, efficiently, economically and transparently;
- Any unauthorized, irregular or fruitless or wasteful expenditure, and losses resulting from criminal or negligent conduct, are prevented;
- All revenue due to the municipality is collected, for example rental income relating to assets;
- The systems, procedures and registers required to substantiate the financial values of the municipalities' assets are maintained to standards sufficient to satisfy the requirements of the Auditor-General;
- Financial processes are established and maintained to ensure the municipality's financial resources are optimally utilized through appropriate asset plans, budgeting, purchasing, maintenance and disposal decisions;
- The Municipal Manager is appropriately advised on the exercise of powers and duties pertaining to the financial administration of assets;
- The Senior Managers and senior management teams are appropriately advised on the exercise of their powers and duties pertaining to the financial administration of assets;
- This policy and support procedures are established, maintained and effectively communicated.

The CFO may delegate or otherwise assign responsibility for performing these functions but will remain accountable for ensuring these activities are performed. The CFO shall be the fixed asset registrar of the municipality, and shall ensure that a complete, accurate and up-to-date computerised fixed asset register is maintained. No amendments, deletions or additions to the fixed asset register shall be made other than by the CFO or by an official acting under the written instruction of the CFO.

Asset Management Committee

The Asset Management Committee (AMC) shall ensure that:

- The policy and procedures are adhered to and reviewed annually.
- The Committee meets at least monthly to review and monitor the status of assets in the municipality at strategic, institutional, operational and financial levels.

Senior Managers

Senior Managers (the managers directly accountable to the Municipal Manager) shall ensure that:

- Appropriate systems of physical management and control are established and carried out for all fixed assets;
- The municipal resources assigned to them are utilized effectively, efficiently, economically and transparently;
- Procedures are adopted and implemented in conformity with this policy to produce reliable data to be captured into the municipal asset register;
- Any unauthorised, irregular or fruitless or wasteful utilisation, and losses resulting from criminal or negligent conduct, are prevented;
- The asset management system, processes and controls can provide an accurate, reliable and up to date account of assets under their control;
- They are able to manage and justify that the asset plans, budgets, purchasing, maintenance and disposal decisions optimally achieve the municipality's strategic objectives; and
- Manage the asset life-cycle transactions to ensure that they comply with the plans, legislative and municipal requirements.

The Senior Managers may delegate or otherwise assign responsibility for performing these functions but they shall remain accountable for ensuring these activities are performed.

POLICY AMENDMENT

Changes to this document shall only be applicable if approved by Council. Any proposals in this regard shall be motivated by the Municipal Manager in consultation with the CFO and respective Senior Managers. These recommendations shall be considered for adoption by Council.

RELATIONSHIP WITH OTHER POLICIES

This policy, once effective, will replace the pre-existing Asset Management Policy.

This policy needs to be read in conjunction with other relevant policies of the municipality, including the following adopted documents:

- Delegations Register
Identifying the processes surrounding the establishment of delegated authority.
- SCM policy
Regulating all processes and procedures relating to acquisitions, management and disposal of assets
- Budget policy
The processes to be followed during the budget process as well as pre-determined prioritisation methodology,
- Revenue and tariff policy
Identifying tariff setting methodology
- Accounting Policy
Governed by the Accounting standards, the accounting policy determines the basis for recognition, measurement and recording of all transactions.

REFERENCES

The following references were observed in compiling this document:

- Asset Management Framework, National Treasury, 2004
- Municipal Asset Transfer Regulations, Gazette 31346 issued 22 August 2008
- Guidelines for Infrastructure Asset Management in Local Government, Department of Provincial and Local Government, 2006
- Municipal Finance Management Act, 2003
- Disaster Management Act, 2002
- Municipal Systems Act, 2000
- Municipal Structures Act, 1998
- Accounting Standards Board
- MFMA Circular 18, 36 & 44
- Local Government Capital Asset Management Guidelines, National Treasury, 2008
- Government Gazettes (30013 & 31021)

- Generally Recognised Accounting Practice (1-14, 16, 17, and 100-102).
- Generally Accepted Municipal Accounting Practice (GAMAP 17)
- International Accounting Standards (IAS 16)

5. INDIGENT POLICY

(a) PREAMBLE

Where as the municipality commit to provide support to the indigents households. The committee will be appointed to administer the indigent support programme. This committee will assist in scrutinising each application prior to approval.

(b) OBJECTIVES

To ensure that these households have access to at least basic municipal services, and is guided in the formulation of this policy by the national government's policy in this regard.

(c) DEFINITIONS

In this policy a word or phrase to which a meaning has been assigned in **Section 1.0 on definitions** has that meaning, unless the context otherwise indicates.

(d) WHO QUALIFIES FOR INDIGENT SUPPORT

Households where verified total gross monthly income of all occupants over 18 years of age does not exceed R2 300, or such other amount as the council may from time to time determine, qualify for a subsidy on property rates and service charges for sewerage and refuse removal, and will additionally receive the basic charge, 6kl of water per month and 50kWh of electricity per month free of charge.

Only households where the accountholder or property owner has registered as indigent in terms of the municipality's annual registration programme, and whose registration has been accepted and entered into the register of indigents shall qualify for the above concessions.

For a household to qualify for subsidies or rebates on the major service charges (see part 3 below), the registered indigent must be the full-time occupant of the property concerned, may not own any other property, whether in or out of the municipal area.

For a household to qualify for a rebate on rates, the registered indigent must be both the owner and fulltime occupant of the property concerned, and may not own any other property, whether in or out of the municipal area.

Indigence relief shall apply for a period not extending beyond the financial year in which the particular household is registered as indigent. Registration must be renewed in each registration programme if relief is to continue.

To register as an indigent, the relevant property owner or accountholder must personally complete and sign the registration form provided by the municipality for this purpose, and furnish such further documentation as the municipality specifies. The municipal manager will provide assistance to persons who cannot read or write, at such times and places as are specified in the notices published to indicate that the registration programme is to take place. Registration will take place on dates and at places determined by the council, but shall generally be undertaken during January and/or February each year.

(e) APPLICATION OF THE POLICY

The subsidies on rates and the specified service charges will be determined as part of each annual budget and in terms of the municipality's policies on property rates and tariffs.

In respect of water, a 100% subsidy up to 6kl per household per month will apply as well as the basic charge; however, if consumption exceeds 6kl per metering period (month) the consumer will be charged at normal tariffs for actual consumption on the quantity exceeding 6kl. The

In respect of electricity, a 100% subsidy up to 50kWh per household per month will apply; however, if consumption exceeds 50kWh per metering period (month), the consumer will be charged at normal tariffs for actual consumption on the quantity exceeding 50kWh.

In respect of sewerage charges and charges for household refuse removal, the relief granted shall not be less than a rebate of 50% on the monthly amount billed for the service concerned.

In respect of property rates, the rebate shall be 100% of the rates based on the rateable value up to R30 000 and 75% of the rates based on the rateable value above R30 000.

(f) NON-COMPLIANCE OF HOUSEHOLDS REGISTERED AS INDIGENT

When a property owner or accountholder who has registered as an indigent fails to comply with any arrangements or conditions materially relevant to the receipt of indigence relief, such person will forfeit his or her status as a registered indigent with immediate effect, and will thereafter be treated as an ordinary residential property owner or accountholder for the financial year concerned.

The onus is on each registered indigent to advise the municipal manager of such failure to comply.

It may happen that even with the introduction of the indigent policy, certain households may fall into arrears in respect of the amounts due by them. The property owner or accountholder concerned will have to make immediate arrangements with the municipal manager to pay off these arrears owing within a reasonable time determined by the municipal manager in terms of the municipality's credit control and debt collection policy. If these arrangements are not made, no subsidies will be paid or free services provided, and services may be terminated in terms of the municipality's credit control and debt collection policy.

The relief to indigents may be withdrawn at the discretion of the municipal manager if:

- A registered indigent who qualifies for such relief fails to keep to the terms of the policy agreement; or
- Any tempering with the installations of the municipality is detected.

If a registered indigent is found to have provided fraudulent information to the municipality in regard to any material condition for registration as an indigent, such person shall immediately be removed from the register of indigents, and shall be liable to repay to the municipality with immediate effect all indigence relief received from the date of such fraudulent registration. Moreover, such person may not again be considered for indigence relief for a period extending for 5 (five) years beyond the financial year in which the misdemeanour is detected.

Indigence relief will not apply in respect of property owners owning more than one property, whether in or outside the municipal area.

(g) REPORTING REQUIREMENTS

The municipal manager shall report on a monthly basis to the executive mayor or executive committee, as the case may be, for the month concerned and by municipal ward:

- The number of households registered as indigents and a brief explanation of any movements in such numbers;
- The monetary value of the actual subsidies and rebates granted;
- The budgeted value of the subsidies and rebates concerned; and the above information cumulatively for the financial year to date.

The executive mayor or executive committee, as the case may be, shall submit the above reports on a quarterly basis to the council and to the municipality's ward committees if so requested.

6. TRAVELING ALLOWANCE POLICY

1. SCOPE OF APPLICATION

This policy is applicable to all qualifying employees and Councilors of Modimolle Local Municipality who attends events away from their normal place of work.

This policy provides for the claim for travelling allowance, Accommodation reimbursement for Travel and Subsistence.

Provide for the amount that can be claimed and the relevant categories of Officers thereof.

2. OBJECTIVES

A policy that is fair towards both Council and the employee and is primarily focused to compensate the employee for travel expenditure.

The basis of compensation and benefits in respect of employees who utilize private transport in the execution of their official duties, where no official transport is available and/or where arrangements have been made with an employee to utilize private transport for official purposes.

To reimburse employees for real and reasonable expenses incurred for travelling to and attending municipal related events away from the place of work.

To have a budget, trained staff, rules and guidelines for the application, approval, control, payment and recording of S & T claims.

3. DEFINITIONS

Any word or phrase used has the same expression as used in the applicable legislation.

Subsistence	:	relating to food, shelter and clothing.
Subsistence Allowance	:	an amount of money paid by the Employer to a delegate to cover defined expenses.
Expenses made for	:	accommodation and meals Incidental expenses
Incidental expenses	:	Refreshments Snacks Porter's fees Dry Cleaning Urgent official telephone calls
Travelling allowance	:	an amount of money paid by the Employer to a delegate to cover defined travel related expenses.
Expenses made for Council's vehicle	:	Kilometer travelled Tollgates paid Parking fees Emergency repairs Fuel, oil, brake fluid etc.
Scheme A	:	There rates are to be used by all officials taking part in Scheme A of the Subsidized Motor

		Transport scheme where government contributes towards the capital, insurance
Fixed transport allowance	:	means a fixed monthly transport allowance applicable to incumbents of post level 1,2,3 on the permanent service register of the Municipality.
An allowance bearing position	:	means a position, other than referred to in paragraph 3.1, on the permanent service of the Municipality to which a fixed monthly transport allowance is attached after Council has declared such a position by means of formal Council Resolution.
“Engine capacity”	:	for purpose of this policy will be calculated at actual engine capacity to a maximum of 3500 cc.
“Fixed cost”	:	means the tariff in cents per kilometer as determined by the salary notch of the official concerned, calculated at the SARS tariff and will change on an annual basis when employee salary increases.
Official distance	:	means the distance in kilometers travelled for official purposes by an employee in Council’s employment, excluding distances between place of work and residence.
Running cost	:	means tariff in cents per kilometer travelled by employees as per SARS tariff table. <ul style="list-style-type: none"> i. Cost of fuel in relation to the vehicle’s engine capacity ii. Maintenance cost iii. Tyres <p>The tariff shall be revised as and when it is adjusted by the SARS.</p>
“Day”	:	means working day in the service of the Municipality.
Private transport	:	represents that private vehicle used by an employee for official purposes as indicated in writing by the employee on the day the employee qualifies for a fixed monthly transport allowance.

4. **LEGAL FRAMEWORK**

- Basic Conditions of Employment Act 75 of 1997
- South African Revenue Services Act 34 of 1997
- Conditions of Service / Main Collective Agreement
- Municipal Finance Management Act 32 of 2000

5. CONTENTS

5.1 SUBSISTENCE ALLOWANCE

All approved and delegated officials attending to matters of Council outside the Municipal Jurisdictional area shall be entitled to an allowance for subsidy as follows

- (a) Where food, i.e. breakfast, lunch and dinner **is not supplied**:

Breakfast	=	R120, 00 per day
Lunch	=	R120, 00 per day
Dinner	=	R200, 00 per day

5.2 DAILY ALLOWANCE

- (b) Where food i.e. breakfast, lunch and dinner is supplied, an amount of **R150, 00 per day**, if the member is not required to sleep over.
- (C) Where food i.e. breakfast, lunch and dinner an amount of **R200, 00 per day** if the official is required to sleep over.

Breakfast	:	claimable from 6am – 9am
Brunch	:	claimable from 10am – 11am
Lunch	;	claimable from 12am – 14H00
Dinner	:	claimable from 18H00 – 21:00

For claim to be paid proof in a form of invoice/till slip must be submitted.

5.3 TRAVELLING ALLOWANCE

ROAD TRANSPORT

- (a) In a situation where a municipal vehicle is used, no claim shall be paid, except for unforeseen circumstances, such as breakdowns, re-fuelling, etc. No traffic offence ticket will be paid unless it can be proven that there is no negligence on the part of the drivers.
- (b) In a situation where a private vehicle is used a claim for the actual kilometers travelled shall be paid in accordance with the following Tariff Structure:
- (c) Officials receiving travelling allowance - Department of Transport tariffs (Private tariffs) section 54 & 56 Managers and SARS tariffs for Post level 1A and Lower
- (d) Officials not receiving travelling claim - SARS tariffs
SARS tariffs (Private tariffs)

- (e) The Manager shall make all attempts to make a municipal vehicle available to the delegate who does not own a subsidized vehicle to reduce the costs to Council before the delegate can be permitted to use private vehicle.
- (f) In the case of Public Transport, the cost of the taxi shall be regarded as a benchmark for all claims. Since majority of taxi operators do not issue payment tickets, reasonable amount should be paid to the claimants.
- (a) No claim for toll fees, parking, general public transport will be paid unless the official concerned submits the original with his or her claim forms.
- (h) No claim for travel expenses shall be paid where any three of the following documents are not attached:
 - Trip authority
 - Invitation or HR5 Form
 - Attendances register or
 - Log sheet
 - Tax invoice if the accommodation was provided

5.4 **Applicants invited to interviews:**

- (a) Persons invited to interviews shall be reimbursed at the SARS running cost rate.
- (b) Where public transport is used taxi tariffs are applicable.

5.5 **AIR TRANSPORT**

- (a) Every attempt shall be made to reduce travel costs by comparing the cost advantage of using alternative transport mode. For the purpose of this policy, the following destinations shall be regarded as far enough to justify air transport; Kwa Zulu Natal, Free State, Eastern Cape, Western Cape, Northern Cape.
- (b) The choice of flight has to bear emphasis on **safety and comfort**.
- (c) Delegates should at all times be booked into **ECONOMIC CLASS**.
- (d) Interviewees invited to interviews will be reimbursed for the cost of economic class.

5.6 **HIRED CARS**

Delegates who used air transport but are attending the same event will be entitled to 1 (one) hired car with rental classification of Group B.

Travelling arrangements are subject to the normal traveling arrangements of the municipal councilors and managers.

5.7

ACCOMMODATION

- (a) The cost of hiring a hotel or lodge accommodation shall be borne by the municipality for all official delegations with the maximum amount per night:

National = 3 star

International = at the rate of the hotel or lodge accommodation applicable
- (b) Where no accommodation is booked for the delegate, an amount of **R500, 00 per night excluding food is payable.**
- (c) Interviewees who slept over for attending interviews because of distance shall be paid the cost of the accommodation with the **maximum being R500,00 per person per night.**
- (d) accommodation will only be booked if the place of destination approved is 150km or more and were the meeting or cause of action starts before **09:00 am** the official/ councilor maybe booked a day prior to the meeting and if the meeting is after **09:00 am** the official or councilor must be booked from the day of the meeting if is going to last for more than a day.
- (e) if it is in practical for an official or councilor to travel were the destination or place of meeting is less than 150km and the meeting will last for more than two (2) days then, upon approval by the Head of department or Municipal Manager the official or councilor may be booked for those days.

5.8 **LIMITATION ON THE NUMBER OF VISITS**

- (a) It is imperative that Councillors and Officials attend the conferences, seminars, meetings, workshops, etc that have relevance to their own portfolio.
- (b) Limitations on this aspects is difficult, however, the Mayor, Municipal Manager and the Managers should ensure that the necessary voted amounts are not exceeded.

6. **MOTOR VEHICLE ALLOWANCE**

6.1 **GRANTING OF VEHICLE ALLOWANCE**

Municipality no longer offer subsidy but travel allowances. The employee will be expected to enter into agreement with any dealer of their choice.

This granting of vehicle allowance is subject to the following conditions and Limitations:

1. QUALIFYING REQUIREMENTS

- Vehicle allowance are granted to employee whose employment contracts make provision for this purpose and incumbents of transport allowance bearing post only that is all section 54 & 56, Divisional Managers and Traffic Officers. Consequently, employees receiving casual or ad hoc transport allowance do not qualify for vehicle allowance.

2. VEHICLE CHOICE

- With due regard to the limitations contained in this policy, the choice of vehicle to be purchased by an employee for daily use in the execution of his/her official duties, rests with the employee.
- The purchase of second-hand vehicle is subject to the issue of roadworthy certificates.
- Proof of registration/Ownership certificate must be submitted to Human Resources, failure to submit proof travelling allowance shall not be paid.

7. PARKING AND TOLLGATE

Parking and Tollgate cost are reimbursive and the delegate has to supply proof of payment to finance.

If an official or Councilor have to travel overseas or outside the borders of South Africa the Council must approve all expenses to be incurred.

8. REQUIREMENTS FOR PARTICIPATION

Participation is dependent on the primary requirement that the use of a private vehicle will be more beneficial than the provision an official vehicle. Employee must furthermore comply with the following requirements for participation, namely:

- 8.1 The use of transport solely by the employee must be necessary for the execution of the duties by the relevant employee.
- 8.2 A private vehicle must be available on a daily basis for official use;
- 8.3 all employees who doesn't qualify for motor vehicle allowance shall upon approval by the Municipal Manager use his/her own private vehicle and shall be compensated in terms of ad hoc transport allowance.
- 8.4 participation in the policy is thus determined and limited by cost advantages and economical consideration. It is therefore the responsibility of the Municipality to determine to what extent private transport shall be utilized for official purposes.

9. CLASSIFICATION OF TRANSPORT ALLOWANCE

For classification purpose, the following two types of transport allowance are identified:

- Fixed monthly transport allowance
- Temporary or occasional transport allowance (Ad hoc)

9.1 A FIXED TRANSPORT ALLOWANCE

This allowance is intended for the following positions on the permanent service register of the Municipality and will be paid monthly to the employee.

- Post level 1A = 950km p/m
- Post level 1 = 850km p/m
- Post level 2 = 750km p/m
- Post level 3 = 650km p/m
- Post level 4 and lower = 650km p/m
- All Traffic Officers irrespective of Post level shall qualify for 850km p/m

A fixed monthly transport allowance consists of the following elements:

- A fixed financing and insurance allowance
- A running allowance
- That the fixed cost be calculated on 10 000 km per year for all employees who receive an allowance.
- The fixed monthly transport allowance for the basic distance allocated to the positions mentioned above is paid monthly to an employee irrespective of kilometres travelled for official purposes. For all kilometres travelled for official purposes, the employee must be compensated in accordance with the tariff for running cost for the actual distance travelled, over and above his/her fixed monthly transport allowance.

9.1.1 That no official transport is provided to such incumbents

9.1.2 That residence to place of work journeys do not form part of the allowance.

9.1.3 That all other requirements contained in this policy are complied with.

9.1.4 That where circumstances justify or require that the restrictions contained in Section 5.17.8 of the Scheme be amended, it must be done by means of Municipal Managers approval.

9.1.5 Council will pay travelling allowance on all approved trips.

10. **TEMPORARY OR OCCASIONAL TRANSPORT ALLOWANCE (AD HOC TRANSPORT ALLOWANCE)**

Ad hoc transport allowance are payable in the following cases:

10.1 Where temporary or casual official journeys are undertaken by employees using their own private transport and who are not in receipt of transport allowance.

10.2 Where an employee is on an approval official journey for Council.

11. **DETERMINATION OF DISTANCES**

11.1 **Current or New Applications (Job level 2 and lower)**

The following procedure will apply in the determination of a fixed total monthly kilometre distance in respect of an application by an employee to declare his/her post "An allowance bearing position".

- The employee in the specific position must maintain a daily official kilometre distance return (log sheet) for a period of 3 months for all official journeys. This log sheet must be approved by the Departmental Manager concerned. The kilometers travelled in such period must be divided by three to determine an average monthly official kilometer distance and rounded off to the nearest 50km.
- New application to Municipal Manager must be lodged by way of a motivated report by the manager of the Department concerned.
- Should Municipal Manager approve the application, the date of implementation shall be the first of the month following the date of approval.
- During the period as contemplated in clause 5.17.11.1, the employee will be reimbursed by way of an Ad hoc transport allowance as depicted in Clause 5.17.13.2.2

12. CURRENT BENEFICIARIES OF A TRANSPORT ALLOWANCE

The following procedure will apply in the re-determination of the fixed total monthly kilometre distance in respect of an employee currently in receipt of a transport allowance:

- 12.1 should Council or the incumbent of a transport allowance bearing position require a re-determination of the fixed total monthly kilometre distance connected to a position, a written notice must be given to the particular Department Manager. Immediately after the expiring of seven days of serving such notice, the particular employee must continue to maintain a log book of all official journeys for a period of three months.
- 12.2 the log sheet must be approved by the relevant Department Manager. The kilometres travelled in such period must be divided by three to determine an average monthly official kilometre distance rounded off to the nearest 50 km.
- 12.3 The application must be lodged by way of a motivated report to Municipal Manager by the Department Manager concerned.
- 12.4 Should Municipal Manager approve a new km limit, the date of implementation shall be the first of the month following the date of approval.

13. CALCULATIONS OF THE TRANSPORT ALLOWANCE

13.1 Basis of Compensation

- Sec 54 & 56 Councillors = Department of Transport tariffs
- Employee = SARS tariffs
-

13.2 Formula for Calculation

13.2.1 Fixed transport allowance

Will be determined from:

A= monthly transport allowance

B= the total fixed cost as reflected and maintained by SARS in the tables for "Estimated average fixed cost" under 14 000 km column and consists of the following

- Fixed cost of the vehicle as per definition, (clause 5.17.3) and
- Running cost of the vehicles as per definition, (clause 5.17.3)

C= the fixed total monthly kilometre distance as per this policy or as determined by the Municipality.

13.2.2 Temporary or Occasional Transport (Allowance Ad hoc).

An Ad hoc transport allowance for employees receiving travel allowance must be paid once a month with their salaries for actual kilometres travelled for official purpose during that month, and calculated according to the new formula.

An Ad hoc transport allowance for employees not receiving travel allowance must be paid twice monthly (7th and 25th) for actual kilometres travelled for official purpose during that month, and calculated according to the following formula:

$$A = BXC$$

Where

A= the Ad hoc transport allowance

B= Running cost of the vehicles as per definition, (clause 5.17.3)

C= the actual distance travelled in the execution of official duties.

14. SUSPENSION OF TRANSPORT ALLOWANCE

- 14.1 Should an employee, who is occupying an allowance bearing position, be transferred at his/her own request to another position not bearing any transport allowance, no transport allowance shall be payable from the date of transfer.
- 14.2 Should the Municipality decide to withdraw an employee's travel allowance for reasons other than those set out in clause 5.17.14.1, the Municipality must, after consultation with such an employee, give 6 months written notice of the withdrawal of the travel allowance.

15. TRAVEL ALLOWANCE AMOUNT

The maximum amount, which an employee may be subsidised, a vehicle is limited to 100% of the employee's annual salary excluding annual bonus and any allowance, with the exception of the Municipal Manager and the Section 54 & 56 employees.

16. VEHICLE AVAILABILITY

It shall be required of the employee receiving a motor vehicle allowance to avail and make use of the vehicle at all times except when circumstances are beyond the control. The employee who cannot use his vehicle must disclose the reasons thereof to his/her supervisor. In such circumstances the Municipality will avail the Council

vehicle for the maximum period of three months and the employee will forfeit his/her travel allowance for such period.

17. **TRAVEL FOR COUNCILLORS**

Travel Allowances and Reimbursement for Travel

17.1 **Travel Allowances**

- All Councillors receive a total remuneration package from the municipality that includes a travel allowance of not more than 25% of the annual remuneration package.
- A councillor has the discretion and may include a travel allowance in the total remuneration package.
- A councillor that elected to include a travel allowance within the total remuneration package structure, must meet the following requirements:
 - The travel allowance may only be an amount up to 25% of the total remuneration package;
 - A logbook acceptable to the South African Revenue Service (SARS) must be kept recording the official and private kilometres travelled;
 - The travel allowance will be included in the IRP5 of a councillor for purposes of accounting to SARS.
 - On Income Tax Assessment, a councillor must account to SARS for the use of the travel allowance.

17.2 **Reimbursement Allowance for Travel**

- In addition to the travel allowance, as provided for under 5.17.17.1 above, a Councillor may claim for the official distances travelled from the municipality.
- Such official distances travelled shall be reimbursed in accordance with the applicable tariffs prescribed by the Department of Transport.

18. **OFFICIAL BUSINESS TRAVEL**

18.1 Official Business related travel is travel for any purpose that directly relates to the business or job of a councillor and excludes travelling between the place of residence and ordinary place of work or business.

18.2 For the purpose of calculating official business travel the following shall be applicable for Councillors (be applied to either local or district municipality):

(a) Local Municipalities

- Full-time councillors who are allocated offices at the municipal precinct shall have their ordinary place of business at the municipal precinct;
- Part-time Promotional Representative Councillors shall similarly have ordinary place of business at the local municipal precinct, unless deployed to a specific ward.
- Part-time Proportional Representative Councillors deployed to a specific ward shall have their ordinary place of business in that particular ward.
- Part-time Ward Councillors shall have their ordinary place of business at their

representative wards (ward office/home).

19. QUALIFICATION REQUIREMENTS OR ENTITLEMENT TO A REIMBURSEMENT FOR TRAVEL

- A travel reimbursement may only be extended to councilors that have included the travel allowance within the total remuneration package structure.
- All travel on business of the Municipality must be approved as such before a councilor is entitled to claim for the travel reimbursement.
- A councilor will be reimbursed, in accordance with the kilometers tariff prescribed by the Department of Transport, for official business travel with their private vehicles.
- A travel reimbursement claim must be supported by proof of such travel and related documents.

No travel claim will be paid, and no councilor will be entitled to the reimbursement, if the travel is not related to the official business of the Municipality.

20. PROCESS FOR TRAVEL REIMBURSEMENT

- 20.1 The duly prescribed claim form must be fully completed by a councillor.
- 20.2 The prescribed form must be submitted, within predetermined dates, to the Finance Department or the duly delegated official to be considered for reimbursement after approval by the speaker.
- 20.3 All claims will be reimbursed or paid with the next salary of such a councillor.
- 20.4 A claim for a travel reimbursement must be supported by:
- A logbook acceptable to SARS recording the official kilometres travelled in a defined month.
 - Any relevant supporting documentation.

21. IMPLEMENTATION AND MONITORING

This policy will be implemented and effective once recommended by the Local Labour Forum and approved by Council.

22. COMMUNICATION

This policy will be communicated to all Municipal employees using the full range of communication methods available to the municipality.

23. BUDGET AND RESOURCES

The financial and resource implication/s related to the implementation of this Policy should be qualified and quantified.

24. RECORD KEEPING

All documentation and correspondence emanating from or relating to this policy will be kept on personal files or records office files as dictated by the nature of the issue.

25. DISPUTE RESOLUTION

Any dispute arising from this policy referred to Council.

26. NON-COMPLIANCE

Non-compliance of any of the stipulations contained in this policy will be viewed as misconduct and will be followed up by an investigation and disciplinary actions as outlined in the Municipal Code of Discipline.

27. REVIEW

This policy will be reviewed and amended on an annual basis or each time any Act or Conditions of Service or other agreements deem it necessary. All proposed amendments will serve before the Local Labour Forum for recommendations and the Council for approval.

7. RATES POLICY

1. PREAMBLE

This policy must be implemented to give effect to the following listed Legislative Provisions:

- (i) Section 3 of the Local Government: Municipal Property Rates Act (No 6 of 2004);
- (ii) Section 229(i)(a) of the Constitution of the Republic of South Africa of 1996 (No 108 of 1996);
- (iii) Section 4(1)(C) of Local Government Municipal Systems Act of 2000 (Act 32 of 2000);
- (iv) Section 62(1)(F)(ii) of the Local Government Municipal Finance Management Act of 2003 (Act 56 of 2003).
- (v) Section 155(6), 156(1)(b) and 156(2) of the Constitution of South Africa of 1996 (Act no 108 of 1996)
- (vi) Section 2,3,6, 17 and 23 of the Local Government: Municipal Systems Act of 2000 (Act 32 of 2000)
- (vii) Section 12 & 18 of the Local Government: Municipal Structures Act of 1998 (Act 117 of 1998)
- (viii) Land tenure rights in terms of the Communal Rights Act of 2004 (Act No 11 of 2004)
- (ix) Section 10 of the National Environmental: Protected Areas Act of 2003 (Act 57 of 2003)
- (x) Section 30 read with Part 1 of Schedule 9 of the Income Tax Act of 1962 (Act No 58 of 1962)
- (xi) Schedule 2 & 3 of the Public Finance Management Act of 1999 (Act No 1 of 1999)
- (xii) Communal Property Associations Act of 1996 (Act 28 of 1996)
- (xiii) Provision of Land and Assistance Act of 1993 (Act No 126 of 1993)
- (xiv) Restitution of Land Rights Act of 1994 (Act No 22 of 1994)
- (xv) A trustee in the case of a property in a trust excluding state trust land
- (xvi) An executor or administrator, in the case of property in a deceased estate.
- (xvii) A trustee or liquidator in the case of property in an insolvent estate or in liquidation.
- (xviii) A judicial manager, in the case of property in the estate of a person under judicial management
- (xix) A curator in case of property in the estate of a person under curatorship
- (xx) A usufructuary or other person in whose name a usufruct or other personnel servitude is registered, in the case of property that is subject to a instruct or other personal servitude.
- (xxi) A lessee, in the case of a property that is registered in the name of the municipality and is leased by it or
- (xxii) A buyer, in the case of a property that was sold by a municipality and of which procession was given to the buyer pending registration of ownership in the name of the buyer.
- (xxiii) in such scheme according to the quota as registered in the scheme.

The municipality need a reliable source of revenue to provide basic services and perform its functions. Property rates are the most important source of general revenue for the municipality. Revenue from property rates is used to fund services that benefit the community as a whole as opposed to individual households. These include installing and maintaining streets, roads, sidewalks, lighting, and storm drainage facilities; and building and operating clinics, parks, recreational facilities and cemeteries. Property rates revenue is also used to fund municipal administration, such as computer equipment and stationery, and costs of governance, such as council and community meetings, which facilitate community participation on issues of Integrated Development Plan (IDP's) and municipal budgets.

Municipal property rates are set, collected, and used locally. Revenue from property rates is spent within a municipality, where the citizens and voters have a voice in decisions on how the revenue is spent as part of the integrated Development Plans (IDPs) and budget processes, which a municipality invites communities to input prior to municipal council adoption of the budget.

2. DEFINITIONS

“**Act**” means the Local Government: Municipal Property Rates Act, 2004 (Act No. 6 of 2004)

“Agricultural Purposes” in relation to the use of a property, excludes the use of a property for the purpose of eco-tourism or for the trading in or hunting of game.

“Agricultural Residential Properties” means a property in an agricultural zoning area which is primary used for residential purposes and providing its own services, namely water, electricity, sanitation, maintenance of road, refuse removal etc. The property must be between one thousand square metres to four hectares in size and not be used for any agricultural purpose but only residential

“annually” means once every financial year

“Business” means the activity of buying, selling or trading in goods and / or services and includes any office or other accommodation on the same erf, the use of which is incidental to such business, with the exclusion of the business of mining, agriculture, farming, or inter alia, any other business consisting of cultivation of soils, the gathering of crops or the rearing of livestock or consisting of the propagation and harvesting of fish or other aquatic organisms.

“exemption” in relation to the payment of a rate means an exemption granted in terms of clause 9 of the policy.

“Industrial” means a branch of trade or manufacturing, production assembling or processing of finished or partially finished products from raw materials or fabricated part, on so large scale that capital and labour are significantly involved.

“Mining” means any operation or activity for the purpose of extracting any mineral on, in or under the earth, water or any residue deposit, whether by underground or open working or otherwise and includes any operation or activity incidental thereto;

“Multiple use properties” means properties that cannot be assigned to a single category due to different uses.

“Municipal properties” means those properties of which the municipality is the owner.

“Municipality” means the municipal council for the municipal area of Modimolle.

“Newly rateable property” means any rateable property on which property rates were not levied by 30 June 2005, excluding a property that was incorrectly omitted from a valuation roll and for that reason was not rated before that date.

“owner” means a person in whose name ownership of the property is registered, a person in whose name the right is registered or whom it was granted in terms of legislation, the organ of state which owns or controls that public service infrastructure.

Provided that any natural person or legal entity in anyone of the under mentioned capacities may for the purpose of these policy be regarded by the municipality as the owner of the property in the following cases and /or capacities-

- (a) a trustee, in the case of a property I a trust excluding State Trust land;
- (b) an executor or administrator, in the case of property in a deceased estate;
- (c) a trustee or liquidator, in the case of property in an insolvent estate or in liquidation
- (d) a judicial manager, in the case of property in the estate of a person under judicial management
- (e) a curator, in the case of property in the estate of a person under judicial management

- (f) a usufructuary or other person in whose name a usufruct or other personal servitude is registered, in the case of property that is subject to a usufruct or other personal servitude;
- (g) a lessee, in the case of a property that is registered in the name of the municipality and is leased by it; or
- (h) a buyer, in the case of a property that was sold by the municipality and of which possession was given to the buyer pending registration of ownership in the name of the buyer;

“property” means:

- (a) Immovable property registered in the name of a person, including in the case of a sectional title scheme, a sectional title unit registered in the name of a person
- (b) A right registered against immovable property in the name of a person, excluding a mortgage bond registered against the property
- (c) A land tenure right registered in the name of a person or granted to a person in terms of legislation
- (d) Public service infrastructure

“Protected area” means an area that is or has to be listed in the register referred to in Section 10 of the National Environmental Management: Protected Areas Act, 2003, Biodiversity Act, 2004.

“Public Service Infrastructure” means publicly controlled infrastructure of the following kinds:

- (a) national, provincial or other public roads on which goods, services or labour move across a municipal boundary;
- (b) water or sewer pipes, ducts or other conduits, dams and water supply reservoirs, water treatment plants or water pumps forming part of a water or sewer scheme serving the public;
- (c) power stations, power substations or power lines forming part of an electricity scheme serving the public;
- (d) gas or liquid fuel plants or refineries or pipelines for gas or liquid fuels, forming part of a scheme for transporting such fuels;
- (e) railway lines forming part of a national railway system;
- (f) communication towers, masts, exchanges or lines forming part of a communications system serving the public;
- (g) runways or aprons at national or provincial airports;
- (h) breakwaters, sea walls, channels, basins, quay walls, jetties, roads, railway or infrastructure used for the provision of water, lights, power, sewerage or similar services of ports, or navigational aids comprising lighthouses, radio navigational aids, buoys, beacons or any other device or system used to assist the safe and efficient navigation of vessels;
- (i) any other publicly controlled infrastructure as may be prescribed; or
- (j) rights of way, easements or servitudes in connection with infrastructure mentioned in paragraphs (a) to (i).

“rate” means a municipal rate on property envisaged in Section 229(1)(a) of the Constitution of 1996

“rateable property” means property on which a municipality may in terms of Section 2 of the Property Rates Act levy a rate, excluding property fully excluded from the levying of rates in terms of Section 17 of the said Act.

“rebate” means a discount in the amount of the rate payable of the property granted in terms of Clause 11 of these policy.

“reduction” means the following of the amount for which the property was valued and the rating of the property at that lower amount granted in terms of Clause 10 of the policy.

“Residential” means a suite of rooms which forms a living unit that is exclusively used for human habitation purposes, or a multiple number of such units on a property, excluding a hotel, commune, boarding and under taking, hostel and place of instruction.

“sectional title scheme” means a development scheme in terms of which sections in such development or an undivided share wherein may be acquired by an owner as contemplated in the Sectional Titles Act

“sectional title unit” means a unit as define in Section 1 of the Sectional Title Act of 1986

Sectional Title Unit in terms of the Sectional Title Act of 1986 (Act 95 of 1986) means a sectional that could be privately owned as well as the common areas and exclusive rights areas.

Sectional Title Scheme in terms of Sectional Title Act of 1986 (Act 95 of 1986) a person may acquire ownership in separate sectional title units built on one property as well as an undivided share in the common areas on such property within the development scheme. Such development scheme may differentiate between common areas and exclusive.

“State-owned properties” means properties owned by the State, which are not included in the definition of public service infrastructure in the Act. These state-owned properties are classified as follows:

- (a) State properties that provide local services.
- (b) State properties that provide regional/municipal district-wide/metro-wide service.
- (c) State properties that provide provincial/national service.

“Vacant land” means a land where no immovable improvements have been erected.

NB: All other terms are used within the context of the definitions contained in the Local Government: Municipal Property Rates Act, 2004 (Act 6 of 2004).

3. OBJECTIVES

The purpose of this policy is to regulate the power of a municipality to impose rates on property.

To determine categories of rateable properties.

To exclude certain properties from rating in the national interest.

To implement a transparent and fair system of exemptions, reductions and rebates through their rating policies.

To make provision for fair and equitable valuation methods on properties.

To make provision for an objections and appeals process.

To assist in building economically and financially viable municipality which will meet the service delivery priorities of their communities.

To impose rates policy that supports and encourage economic growth and job creation.

4. POLICY PRINCIPLES

4.1 Rates are levied in accordance with the Local Government Municipal Property Rates Act of 2004 (Act 6 of 2004) as an amount in the rand based on the market value of all rateable property contained in the municipality's valuation roll and Supplementary Valuation Rolls.

4.2 The rates policy for the municipality is based on the following principles:

- (a) **Equity** :The municipality will treat all ratepayers with similar properties the same.
- (b) **Affordability** :The ability of a person to pay rates will be taken into account by the municipality. In dealing with the poor/indigent, the municipality will provide relief measures through exemptions, reductions or rebates in terms of the indigent policy.
- (c) **Sustainability** : Rating of property will be implemented in a way that:
 - (i) it supports sustainable local government by providing a stable and buoyant revenue source within the discretionary control of the municipality and;
 - (ii) Supports local, social and economic development
- (d) **Cost efficiency:** Rates will be based on the value of all rateable property and the amount required by the municipality to finance the expenditure as per approved budget.

4.3 The calculation of property rates will be determined as follows: e.g.

- The financial liabilities for municipal property rates are calculated by multiplying the market value of immovable property (e.g. land and buildings) by a cent amount in the Rand that a municipal council has determined. For example:
 - If the market value of immovable property (land and buildings) is R50 000,00 and the cent amount in the Rand is R0.015 (which is 1.5 cent) then
 - Amount due for property rates = R50 000,00 x 0.015 =- R750 for the whole year which means that every month the property owner will pay R62,50 (this is calculated by dividing R750,00 by 12 as the year has 12 months) to the municipality.
 - If the immovable property in question is used as a residential property (home) or if it is used for multiple purposes, provided one or more of its components are used for residential purposes.
 - The cent amount in the Rand will be paid after deducting the first R15 000,00 of the market value of such residential property including agricultural properties where owners resides on the property, which means that the R0.015 will be applied to R35 000,00 rather than R50 000,00 (i.e. R50 000,00 less R15 000,00).

- The rates payable by the homeowner and agricultural owners or farm owners will then be
= R35 000,00 x 0.015 = R525 for the whole year, which means that every month the
property owner will pay R43,75 to the municipality.

NB: The cent amount in the Rand is decided by the Municipal Council taking into account public comments/submissions/inputs on the Municipal Council's draft rates policy and budget that is subjected to the process of community participation in line with Chapter 4 of the Municipal Systems Act and the Municipal Finance Management Act.

5. CATEGORIES OF PROPERTIES

5.1 The municipality has chosen to differentiate between various categories of property and categories of owners of property. Some categories of property and categories of owners are granted relief from rates. The municipality however does not grant relief in respect of payments for rates to any category of owners or properties, or to owners of properties on an individual basis, other than by way of an exemption, rebate or reduction provided for in this policy.

5.2 The municipality has determined categories of properties based on the following criteria:

- Use of the property.

The following are the determined categories of properties by the municipality:

- Single Residential properties
- Multiple Residential Properties (security villages, golf estates and blocks of flats)
- Business & Commercial properties
- Industrial properties
- Mining properties
- Public service infrastructure properties
- Public Benefits Organisation properties
- Agricultural properties used for agricultural purposes including game farming and hunting.
- State-owned properties:
 - (i) State properties that provide local services
 - (ii) State properties that provide regional/municipal district-wide/metro-wide service
 - (ii) State properties that provide provincial/national service
- Municipal properties
- Protected area properties
- Multiple use properties
- Vacant land

5.3 Organisations providing services to themselves e.g. (Kokanje Retirement Resort)

5.4 Agricultural Residential areas providing services to themselves (e.g. Verloren) Property owners will be afforded an opportunity to apply for rebates on their properties in terms of Clause 11.

6. CLASSIFICATION OF SERVICES AND EXPENDITURE

6.1 The municipal manager or his/her nominee must, subject to the guidelines provided by the National Treasury and the Executive Committee of the municipality, make provision for the following classification of services:

(a) Trading services:

- (i) Water
- (ii) Electricity

(b) Economic services:

- (i) Refuse removal
- (ii) Sanitation

(c) Community services

- i) Air pollution
- ii) Fire fighting services
- iii) Local tourism
- iv) Municipal planning
- v) Municipal public works, only in respect of the needs of municipalities in the discharge of their responsibilities and to administer functions specially assigned to them under the Constitution or any other law
- vi) Storm water management system in built-up areas
- vii) Trading regulations
- viii) Fixed billboards and the display of advertisements in public places
- ix) Cemeteries
- x) Control of public nuisances
- xi) Control of undertakings that sell liquor to the public
- xii) Township development
- xiii) Facilities for accommodation, care and burial of animals
- xiv) Fencing and fences
- xv) Licensing of dogs
- xvi) Licensing and control of undertakings that sell food to the public
- xvii) Local amenities
- xviii) Local sport facilities
- xix) Municipal parks and recreation
- xx) Municipal roads
- xxi) Noise pollution
- xxii) Animal Pounds
- xxiii) Public places
- xxiv) Street trading
- xxv) Street lighting
- xxvi) Traffic and parking
- xxvii) Building control
- xxviii) Licensing of motor vehicles and transport permits
- xxix) Nature reserves
- xxx) Forestry

(d) Subsidised services

- (i) Health and ambulance
- (ii) Libraries and museums
- (ii) Proclaimed roads

6.2 Trading and economic services must be ring fenced and financed from service charges while community and subsidized services will be financed from profits on trading and economic services, regulatory fees, rates and rates related income.

6.3 Expenditure will be classified in the following categories:

- (a) Salaries, wages and allowances
- (b) Bulk purchases
- (c) General expenditure
- (d) Repairs and maintenance
- (e) Capital charges (interest and redemption)/depreciation
- (f) Contribution to fixed assets
- (g) Contribution to funds-
 - (i) bad debts
 - (ii) working capital; and
 - (iii) statutory funds
- (h) Contribution to reserves
- (i) Gross expenditure
- (j) Less charge-out
- (k) Net expenditure
- (l) Income
- (m) Surplus/Deficit

6.4 Cost centres will be created to which the costs associated with providing the service can be allocated-

- (a) by Department
- (b) by Section/service; and
- (c) by Division/service

6.5 The subjective classification of expenditure each with an unique vote will be applied to all cost centers.

7. DIFFERENTIAL RATING

7.1 Criteria for differential rating on different categories of properties will be according to:

- nature of the property including its sensitivity to rating e.g. agricultural properties used for agricultural purposes.

vacant land will be rated higher (in terms of a cent amount in a rand) as the municipality is encouraging owners of vacant land to develop it and that vacant land should not be used for speculation purposes by owners.

- promotions of social and economic development of the municipality.

- differential rating among the various categories will be done by way of setting different cent amount in the rand for each property category.
- by way of reductions and rebates.

8. CATEGORIES OF OWNERS FOR GRANTING EXEMPTIONS, REBATES AND REDUCTIONS

Criteria for determining categories of owners of properties, for the purpose of granting exemptions, rebates and reductions will be according to the:

- (a) indigent financial status of the owner of a property;
- (b) sources of income of the owner of a property
- (c) owners of property situated within an area affected by-
 - i) a disaster within the meaning of the Disaster Management Act, 2002 (Act No. 57 of 2002); or
 - ii) any other serious adverse social or economic conditions;
- (d) owners of residential properties with a market value below a determined threshold; or
- (e) owners of agricultural properties who are *bona fide* farmers

9. EXEMPTIONS

9.1 The following categories of property are exempted from rates:

- (a) Municipal properties: Municipal properties are exempted from paying rates as it will increase the rates burden or service charges to property owners or consumers and thereby create double-taxation.
- (b) Residential properties: All residential properties with a market value of less than R35 000 are exempted from paying rates. The R15 000 impermissible rates contemplated in terms of Section 17(1)(h) of the Property Rates Act is included in the R35 000 amount. This is an important part of the council's indigent policy and is aimed primarily at alleviating poverty. Including properties build under the National Housing Subsidy Scheme for the poor.

NB: The following are exempted:

- Indigent owners
- Owners dependent on pension or social grants for their livelihood
- Owners of residential property under R35 000,00.
- (c) Cemeteries and crematoriums: Registered in the names of private persons and operated not for gain.
- (d) Public Service Infrastructure: organisations exempted from paying rates as they provide essential services, goods, services or labour.
- (e) Public Benefit Organisations: the following public Benefit Organisations may apply for the exemption of property rates subject to producing a tax exemption certificate issued by the South African Revenue Services (SARS) as contemplated in part 1 of the Ninth Schedule of the Income Tax Act, 1962 (No. 58 of 1962):

- (i) Health care institutions: Properties used exclusively as a hospital, hospice, clinic and mental hospital, including workshops used by the inmates, laundry or cafeteria facilities, provide that any profits from the use of the property are used entirely for the benefit of the institution and/or to charitable purposes within the municipality.
- (ii) Welfare institutions: Properties used exclusively as a orphanage, non-profit retirement villages, old age home or benevolent institution, including workshops used by the inmates, laundry or cafeteria facilities, provided that any profits from the use of the property are used entirely for the benefit of the institution and/or the charitable purposes within the municipality.
- (iii) Educational institutions: Property belonging to educational institutions declared or registered by law and are used solely for educational purposes.
- (iv) Independent schools: Property used by registered independent schools for educational purposes only.
- (v) Charitable institutions: Property belonging to non-for-gain institutions or organizations that perform charitable work.
- (vi) Sporting bodies: Property used by an organization whose sole purpose is to use the property for sporting purposes on a non-professional basis.
- (vii) Cultural institutions: Properties declared in terms of the Cultural Institutions Act, Act 29 of 1969 or the Cultural Institutions Act, Act 66 of 1989.
- (viii) Museums, libraries, art galleries and botanical gardens: registered in the name of private persons, open to the public and not operated for gain.
- (ix) Youth development organizations: Property owned and/or used by organizations for the provision of youth leadership or development programmes.
- (x) Animal welfare: Property owned or used by institutions/organizations whose exclusive aim is to protect birds, reptiles and animals on a not-for-gain basis.
- (xi) Religious organizations: Property owned or used by religious organizations whose exclusive aim is religious orientated.

9.2 Exemptions will be subject to the following conditions:

- (a) pension or social grant proofs including an affidavit lodged with the municipality annually.
- (b) all applications must include a constitution of the organization and be addressed annually in writing to the municipality.
- (c) a SARS tax exemption certificate must be attached to all applications;
- (d) the municipal manager or his/her nominees (committee) must approve all applications;
- (e) applications must reach the municipality before the end of October preceding the start of the new municipal before the new municipal financial year for which relief is sought; and
- (f) the municipality retains the right to refuse exemptions if the details supplied in the application form were incomplete, incorrect or false.

Duty of Property Owner

A property owner whose property falls under the category of properties eligible for tax/rebates shall inform the Municipal Council of the status of such property.

10. REDUCTIONS

10.1 A reduction in the municipal valuation as contemplated in Section 15(1)(b) of the Act will be granted where the value of a property is affected by:

- (a) a disaster within the meaning of the Disaster Management Act, 2002 (Act No. 57 of 2002); or
- (b) any other serious adverse social or economic conditions.

10.2 The reduction will be in relation to the certificate issued for this purpose by the municipal valuer.

10.3 All categories of owners can apply for a reduction in the rates payable as described above.

11. REBATES

11.1 Categories of property:

- (a) Business, commercial and industrial properties:

(i) The municipality may grant a rebate of 20% to rateable enterprises that promote local, social and economic development in its area of jurisdiction, based on its Local, Social and Economic Development Policy.

The following criteria will apply:

- (a) permanently employ more than twenty (20) workers with South African citizenship for at least a continuous period of twelve (12) months, and the salaries/wages are strictly in terms of the minimum standards set by the Department of Labour;
 - (b) social upliftment of the local community; and
 - (c) creation of infrastructure for the benefit of the community
- (ii) Rebates will be granted on application subject to:
- (a) a business plan issued by the directors by the 30th of September each year, of the company indicating how the local, social and economic development objectives of the municipality are going to be met;
 - (b) a continuation plan issued by the directors and certified by auditors of the company stating that the objectives have been met in the first year after establishment and how the company plan to continue to meet the objectives;
 - (c) an assessment by the municipal manager or his/her nominee indicating that the company qualifies; and
 - (d) a municipal council resolution

- (b) State properties:

Receive a rebate of 20%.

(c) Residential properties:

The municipality grants a 20% rebate, which applies to improved residential property that is:

- (i) used predominantly for residential purposes, with not more than two dwelling units per property;
- (ii) registered in terms of the Sectional Title Act;
- (iii) owned by a share-block company;
- (iv) a rateable residence on property used for a related to educational purposes

(d) Agricultural property rebate:

The following rebates will apply:

a) The extent of municipal services provided to agricultural properties:

- i) 7,5% rebate, if there are no municipal maintenance to roads servicing the property
- ii) 7,5% rebate, if there is no municipal sewerage to the property.
- iii) 7,5% rebate, if there is no municipal electricity to property.
- iv) 20% rebate, if water is not supplied by the municipality.
- v) 7,5% rebate, if there is no refuse removal that is provided by the municipality.

b) The contribution of agriculture to the local economy:

A rebate of 5% will be granted to agricultural property owners contributes to job creation and the salaries / wages are strictly in terms of the minimum standards set by the Department of Labour (i.e. standards set by Government or if in line with sectors average)

c) The following rebates will be granted to the extent to which agriculture assists in meeting service delivery and development obligations of the municipality and contributions to the social and economic welfare of farm workers:

- i) 5% rebates, if the owner is providing permanent residential property to the farm workers and such property is registered in the name of these farm workers, proof must be provided or if the owner is providing housing which qualifies under Labour Legislation.
- ii) 5% rebate if the farmer for the farm workers electrifies such residential property
- iii) 5% rebate, if such residential properties are provide with potable water.

- iv) 5% rebate, if the farmer is availing his land/buildings to be used for either cemetery, education or recreational purposes of the farm workers' and their family and nearby community in general, etc.

A further 5% rebate will apply for the following:

- (i) Qualifying requirements are that the owner should be taxed by SARS as a farmer and the last tax assessment must be provided as proof;

or

- (ii) where the owner is not taxed as farmer, proof is required that income from farming activities exceeds 40% of the household income;

or

- (iii) registered as taxpayer with SARS, registered VAT with SARS, registered for UIF (and or Compensation Commissioner) for farm workers. Registered numbers to be supplied by farmer.

e) **Agricultural Residential**

The following rebates will apply:

- a) The extent of municipal services provided to agricultural residential properties:
 - i) 7,5% rebate, if there are no municipal maintenance to roads servicing the property
 - ii) 7,5% rebate, if there is no municipal sewerage to the property.
 - iii) 7,5% rebate, if there is no municipal electricity to property.
 - iv) 20% rebate, if water is not supplied by the municipality.
 - v) 7,5% rebate, if there is no refuse removal that is provided by the municipality.

- b) Property owners must apply on prescribed form

The applications must be accompanied by:

- i) Proof of ownership of the property (Title Deed)
 - ii) Proof of certificate of ownership from Verloren Home Owners Association
 - iii) Bond registration documents
 - iv) Identity documents of property owners
 - v) Municipal statement of account
- c) These applications must reach the municipality before end of October of each year
- d) The municipality retains the right to refuse rebates if the details supplied in the application are incomplete, incorrect or false

11.2 Categories of owners:

a) Retired and Disabled Persons Rate Rebate

i) Retired and Disabled Persons qualify for special rebates according to monthly household income. To qualify for the rebate a property owner must:

- a) occupy the property as his/her normal residence
- b) be at least 60 years of age or in respect of a disability, be receiving a pension from the Department of Welfare and population Development;
- c) be in receipt of a total monthly income from all sources (including income of spouses of owner) not exceeding R5 700;
- d) not be the owner of more than one property;
- e) if the owner of property owns more than one property, he/she qualifies for rebate on one property only, other criteria being met; and
- f) provided that where the owner is unable to occupy the property due to no fault of his/her own, the spouse or minor children may satisfy the occupancy requirement.

ii) property owners must apply on a prescribed application form for a rebate as determined by the municipality.

iii) Applications must be accompanied by-

- a) a certified copy of the identity document or any other proof of the owners age which is acceptable to the municipality;
- b) sufficient proof of income of the owner and his/her spouse;
- c) an affidavit from the owner;
- d) if the owner is a disabled person proof of a disability pension payable by the state must be supplied; and
- e) if the owner has retired at an earlier stage, for medical reasons, proof thereof must be submitted

iv) These applications must reach the municipality before the end of October preceding the start of the a new municipal financial year for which relief is sought.

v) The municipality retains the right to refuse rebates if the details supplied in the application form were incomplete, incorrect or false.

12. COST TO THE MUNICIPALITY DUE TO EXEMPTION REDUCTIONS, REBATES, EXCLUSIONS, PHASING IN AND BENEFIT THEREOF TO THE LOCAL MUNICIPALITY

Information within the following format shall be submitted to Council on an annual basis to report on the related cost to Council:

(a) Costs associated with exemptions, reductions, rebates, exclusions and phasing in of rates:

(1) Exemptions	R
Municipal properties	_____
Residential properties	_____
Cemeteries and crematoriums	_____
Public Service Infrastructure	_____
Public benefit organizations	_____
(2) Reductions	
Properties affected by disaster	_____
Properties effected by serious adverse	_____
Social or economic conditions	_____
(3) Rebates Enterprises that promote local, social and economic development	
State properties	_____
Residential properties and disabled persons	_____
(4) Phasing in newly rateable property land reform	
Beneficiaries	_____
(5) Exclusions	
Public Service infrastructure	_____
Protected areas	_____
Land reform beneficiary	_____
Residential property	_____
Public places of worship	_____

(b) The benefit to the community of granting relief measures will be:

(i) The promotion of local economic development including attracting business investment e.g. small business establishment

- (ii) creation of employment for municipal residents
- (iii) promotion of service delivery e.g. farmers
- (iv) poverty alleviation to the indigents
- (v) social development and moral development e.g. by religious institutions, sports institutions, schools and other non governmental organizations which promote health and other benefit to the community and
- (vi) improved local economic growth

13. RATES INCREASES/DECREASES

- (a) The following will be taken into account for purpose of increasing/decreasing account rates:
 - Priorities of a municipality reflected in its Integrated Development Plan.
 - Revenue needs of the municipality.
 - Need for management of rates shocks.
 - Affordability of rates to ratepayers.
- (b) The municipality will consider increasing or adjusting rates annually during the budget process in terms of the guidelines issued by National Treasury from time to time.
- (c) Rate increases and/or adjustments will be used to finance the operating costs of community and subsidized services.
- (d) Relating to community and subsidized services the following annual adjustments will be made:
 - i) All salary and wage increases as agreed at the South African Local Government Bargaining Council and in terms of the remuneration of Public Office Bearers Act; as amended;
 - ii) An inflation adjustment for general expenditure, repairs and maintenance and contributions to statutory funds; and
 - iii) Additional depreciation costs or interest and redemption on loans associated with the assets created during the previous financial year.
- (e) Affordability of rates to ratepayers.
- (f) All increases and adjustments in property rates will be communicated to the local community in terms of the municipality's policy on community participation.

14. NOTIFICATION OF RATES

(a) The municipality will give notice of all rates approved at the annual budget meeting at least 30 days prior to the date that the rates become effective. Accounts delivered after the 30 days notice will be based on the new rates.

(b) A notice stating the purport of the municipality's resolution and the date on which the new rates become operational will be displayed by the municipality at places installed for that purpose.

15. PAYMENT OF RATES

- 15.1 Ratepayers may choose between paying rates annually in advance with one instalment on or before the 15th of August of each year or in the twelve equal instalments on or before the fifteenth day of the month following on the month in which it becomes payable.
- 15.2 Interest on arrears rates, whether payable on or before the 15th of August or in equal monthly instalments, shall be calculated in accordance with the provisions of the credit control, debt collection and indigent policies of the municipality.
- 15.3 If a property owner who is responsible for the payment of property rates in terms of this policy, fails to pay such rates in the prescribed manner, it will be recovered from him/her in accordance with the provisions of the Credit Control, Debt Collection and indigent policy of the Municipality.
- 15.4 Arrears rates shall be recovered from tenants, occupiers and agents of the owner, in terms of Section 28 and 29 of the Act.
- 15.5 Where the rates levied on a particular property have been incorrectly determined, whether because of an error or omission on the part of the municipality or false information provided by the property owner concerned or a contravention of the permitted use to which the property concerned may be put, the rates payable shall be appropriately adjusted for the period extending from the date on which the error or omission is detected back to the date on which rates were first levied in terms of the current valuation roll.
- 15.6 In addition, where the error occurred because of false information provided by the property owner or as a result of a contravention of the permitted use of the property concerned, interest on the unpaid portion of the adjusted rates payable shall be levied at the maximum rate permitted by prevailing legislation.

16. ANNUAL REVIEW OF RATES POLICY

The municipality will annually review, and if necessary amend its rates policy taking into account public comments and inputs.

17. THE EFFECTIVE DATES OF THE RATES POLICY

The rates policy takes effect from the start of the municipal financial year 1 July 2008 and thereafter on the 1st of July of every year.

ADDENDUM

LEGAL REQUIREMENTS THAT ALL MUNICIPALITEIS MUST COMPLY WITH IN TERMS OF THE MUNICIPAL PROPERTY RATES ACT, 2004 (ACT NO 6 OF 2004) WITH REGARD TO RATES POLICY DEVELOPMENT

This addendum does not contain all provisions of the Act that must be complied with the development of rates policy, but list just a few key provisions that the municipality deems it necessary for residents / ratepayers to be aware so that they get full picture of rating issues that will affect them.

(1) IMPERMISSIBLE RATE

A Municipality may not levy a rate on the following in terms of Section 17(1) of the Act:

- On the first R15 000,00 of the market value of public service infrastructure any part of the seashore in terms of Section 17(1)(b) of the Act.
- Any part of the seashore in terms of Section 17(1)(b) of the Act.
- Any part of the territorial waters of the Republic in terms of Section 17(1)(c) of the Act.
- Any island which the state is the owner in terms of Section 17(1)(d) of the Act.
- Protected areas in terms of Section 17(1)(e) of the Act.
- Mineral rights in terms of Section 17(1)(f) of the Act.
- Properties belonging to land reform beneficiaries in terms of Section 17(1)(g) of the Act.
- On the first R15 000,00 of the market value of residential in terms of Section 17(1)(h) of the Act.
- Religious Institutions in terms of Section 17(1)(i) of the Act.

(2) COMPULSORY PHASING IN OF CERTAIN RATES

Rates levied on a newly rateable property must be phased in over a period of three to four years depending on the ownership and use of such a property in terms of Section 21 of the Act. Agricultural land will be recognized as newly rateable property and phased in over a period of 3 years as provided for in the above-mentioned Act.

First year 75% of the relevant rate

Second year 50% of the relevant rate

Third year 25% of the relevant rate

(3) PRESCRIBED RATIOS

The municipality will comply with the ratios set by the Minister of Provincial and Local Government in concurrent with the Minister of Finance in terms of Section 19 of the Act.

(4) LIMITS ON ANNUAL INCREASES OF RATES

The municipality will comply with the notice issued by the Minister of Provincial and Local Government in concurrence with the Minister of Finance regarding the set upper limit on the percentage by which rates on properties or a rate on a specific property may be increased in terms of Section 20 of the Act.

8. PETTY CASH POLICY

1. PREAMBLE

This policy is issued under the authority of SCM Regulation 15 issued in terms of MFMA. It complements the SCM Policy and establishes a control framework for petty cash as an acquisition and payment instrument.

A petty cash float is used to facilitate and accelerate the processing of low value transactions with minor official expenditures. Minor expenditures are defined as less than R150 unless authorised by the CFO. Due to inherent costs and time required to process financial transactions, it becomes practical, economical and recommended to use petty cash to process low value payments where the transaction cost (e.g. electronic transfer or cheque costs) is high.

2. DEFINITIONS

A petty cash float is an authorised cash advance issued to an official the Modimolle Local Municipality who will be responsible for the security of the fund and the control of disbursements made from the fund.

3. SCOPE OF APPLICATION

This policy is applicable to all employees and Councillors of Modimolle Local Municipality.

4. POLICY OBJECTIVE

To ensure the cost-effective and efficient use of petty cash funds while maintaining the required level of control.

5. POLICY STATEMENT

- 5.1 It is Modimolle Local Municipality policy to use petty cash funds for making small miscellaneous payments herein called minor expenditure when immediate settlement is required or when this method of payment is more cost-effective.
- 5.2 A petty cash float shall not exceed R2,000 and no single expenditure from that fund shall exceed R150 per transaction without the prior approval of the CFO. The expenditure shall not be deliberately split to avoid the said limit.
- 5.3 The total amount of petty cash, in the form vouchers or cash, shall be counted (physical verification) in full at year end before closure of Revenue for the financial year and there should always be an amount equal to R 2,000. This is in line with the accrual basis of accounting.

6. PROHIBITED PETTY CASH PAYMENTS

- 6.1 Petty cash advances must not be used to provide change, to give salary advances to employees or to cash cheques.
- 6.2 No personal use or check cashing from these funds is allowed. It shall be deemed an offense to use Petty Cash for private matters even if the intention is to repay.

- 6.3 Petty cash shall not pay for installment invoices such as rental or equipment or open orders even if the amount falls within the limit specified.
- 6.4 Petty cash shall not be used for:
- Energy drinks (e.g. Red Bull)
 - Car wash
 - Catering (except snacks, e.g. cookies)
 - Personal gifts (e.g. cakes and flowers for birthdays)
 - Petrol charges
 - Toll gate slips
 - Travel or any other claims
 - Assets
- 6.5 Deviation from the accepted accounting practices in the use of Petty Cash shall constitute a serious offense under the Disciplinary Code.
- 6.6 Petty Cash float or advances shall be for immediate withdrawal from the individual's salary if not accounted for within 10 working days.

7. AUTHORITY AND REPORTING

- 7.1 The CFO or the delegated person must ensure the control and safekeeping of petty cash funds (including suitable locks, keys or combinations in accordance with the suitable cash handling regulations and policies.
- 7.2 Excesses, shortages, losses and thefts must be reported and recorded promptly to the CFO.
- 7.3 Reporting on the utilisation of the petty cash shall be reported to the CFO on a monthly basis.
- 7.4 The custodian of a petty cash fund shall give a reconciliation to the CFO within 5 working days of the end of each month in which expenditures are incurred by showing that the cash on hand plus receipts, less paid vouchers equals the amount of the advance.

8. MONITORING

- 8.1 The Municipal Manager may conduct internal audits to evaluate compliance with this policy.
- 8.2 Periodic unannounced verifications of the petty cash advances should be made by internal audit to determine whether the funds are being used properly and to ensure that they are adequately protected against loss or misuse and are properly accounted for.
- 8.3 The Municipal Manager will monitor the effectiveness of this policy by reviewing internal audit reports.

9. ACCOUNTING AND CONTROL

- 9.1 Petty cash must be used when it is more cost-effective than other payment methods such as electronic transfer or cheques within the ambit of this policy.

- 9.2 Before establishing or increasing petty cash funds, the Divisional Manager: Expenditure must ensure that the security and safekeeping arrangements are commensurate with the risk of theft and the size of the petty cash fund.
- 9.3 There must be only one official, with one backup, delegated by the CFO responsible for a petty cash fund at any given time. Only these two persons should be allowed access to the cash in this fund. When the official is being changed, an acknowledgement must be obtained.
- 9.4 When disbursements are not made frequently, the custodian should check the petty cash fund at least once a week to ascertain that no theft has taken place.
- 9.5 If a shortage is discovered, it must be reported promptly to the CFO who, after reviewing the circumstances of the case, shall take whatever corrective or recovery action is necessary.
- 9.6 The custodian is required to reimburse losses and shortages unless the prescribed procedures were followed and the petty cash was properly secured; there is physical evidence of breaking-in and no act or omission on the part of the custodian contributed to the loss, as stipulated by the policy.

10. SAFEKEEPING AND ADVANCING OF THE PETTY CASH

- 10.1 The petty cash fund should be kept separately from other funds and to be safeguarded in a lockable cash box which should be kept locked not only after hours but also during normal business hours in a safe or a filing cabinet approved by the CFO. Keys and combinations should be kept in a secure place by the custodian.
- 10.2 All purchase requirements utilising petty cash shall be approved by the relevant Senior Manager prior to issuing.
- 10.3 An official to whom a petty cash advance is issued is personally responsible and any loss or shortage in respect of that advance may be recovered from that individual.
- 10.4 A Petty Cash voucher will be required indicating the amount requested and the reason for the purchase and items to be purchased.
- 10.5 All expenditures must have a properly filled out petty cash voucher with original invoices or receipts attached. If it is not possible to get these supporting documents, clearly explain this on the voucher. Once paid, these supporting documents must be stamped "paid" to prevent re-use. No payment will be made for lost receipts or invoices.
- 10.6 Claims must be made within two weeks of the actual expenditure being incurred. Failure to claim within this period will result in the expenditure being forfeited.
- 10.7 Repayment of all or part of a petty cash advance that has to be reimbursed must be made in full by the custodian in a single payment.
- 10.8 When the official delegated by the CFO issues a petty cash advance, he or she may at any time, by written notice to the official to whom the advance has been made, require an accounting and repayment of any unexpended balance. The custodian shall, not later than 2 days after receiving such notice, provide an accounting and repay the advance.

10.9 Petty cash will be issued Mondays to Fridays between the hours of 8h00 to 15h00 and reconciliation of petty cash will take place every Friday afternoon.

10.10 Replenishment of the petty cash fund can be done by the delegated official when the fund balance reaches the minimum of R 400.

11. REFERENCES

This policy is issued under the authority of section 15 of SCM Regulations and should be read in conjunction with the Supply Chain Management Policy.

12. IMPLEMENTATION

This policy must be implemented by all employees and councillors of Modimolle Local Municipality, but managers and supervisors should ensure that this policy is implemented effectively.

Any employee who breaches this policy shall be liable for disciplinary measures. prescribed procedures were followed and the petty cash was properly secured; there is physical evidence of breaking-in and no act or omission on the part of the custodian contributed to the loss, as stipulated by the policy.

9. **SUPPLY CHAIN MANAGEMENT POLICY**

Council resolves in terms of section 111 of the Local Government Municipal Finance Management Act (No. 56 of 2003) and the Municipal Finance Management Act: Municipal Supply Chain Management Regulations 27636 of 2005,, to adopt the following proposal as the Supply Chain Management Policy of **Modimolle Local Municipality**.

TABLE OF CONTENTS

1. Definitions

CHAPTER 1

IMPLEMENTATION OF SUPPLY CHAIN MANAGEMENT POLICY

2. Supply chain management policy
3. Amendment of supply chain management policy
4. Delegation of supply chain management powers and duties
5. Sub-delegations
6. Oversight role of council
7. Supply chain management units
8. Training of supply chain management officials

CHAPTER 2

SUPPLY CHAIN MANAGEMENT SYSTEM

9. Format of supply chain management system

Part 1: Demand management

10. System of demand management

Part 2: Acquisition management

11. System of acquisition management
12. Range of procurement processes
13. General preconditions for consideration of written quotations or bids
14. Lists of accredited prospective providers
15. Petty cash purchases
16. Written or verbal quotations
17. Formal written price quotations
18. Procedures for procuring goods or services through written or verbal Quotations and formal written price quotations
19. Competitive bidding process
20. Process for competitive bidding
21. Bid documentation for competitive bids
22. Public invitation for competitive bids
23. Procedure for handling, opening and recording of bids

- 24. Negotiations with preferred bidders
- 25. Two-stage bidding process
- 26. Committee system for competitive bids
- 27. Bid specification committees
- 28. Bid evaluation committees
- 29. Bid adjudication committees
- 30. Procurement of banking services
- 31. Procurement of IT related goods or services
- 32. Procurement of goods and services under contracts secured by other organs of state
- 33. Procurement of goods necessitating special safety arrangements
- 34. Proudly SA Campaign
- 35. Appointment of consultants
- 36. Deviation from, and ratification of minor breaches of, procurement processes
- 37. Unsolicited bids
- 38. Combating of abuse of supply chain management system

Part 3: Logistics, Disposal, Risk and Performance Management

- 39. Logistics management
- 40. Disposal management
- 41. Risk management
- 42. Performance management

Part 4: Other matters

- 43. Prohibition on awards to persons whose tax matters are not in order
- 44. Prohibition on awards to persons in the service of the state
- 45. Awards to close family members of persons in the service of the state
- 46. Ethical standards
- 47. Inducements, rewards, gifts and favours
- 48. Sponsorships**
- 49. Objections and complaints
- 50. Resolution of disputes, objections, complaints and queries
- 51. Contracts providing for compensation based on turnover

DEFINITIONS

1. In this Policy, unless the context otherwise indicates, a word or expression to which a meaning has been assigned in the Act has the same meaning as in the Act, and –

“Competitive bidding process” means a competitive bidding process referred to in paragraph 12 (1) (d) of this Policy;

“Competitive bid” means a bid in terms of a competitive bidding process;

“Final award”, in relation to bids or quotations submitted for a contract, means the final decision on which bid or quote to accept;

“Formal written price quotation” means quotations referred to in paragraph 12 (1) (c) of this Policy;

“In the service of the state” means to be –

- (a) A member of –
 - (i) Any municipal council;
 - (ii) Any provincial legislature; or
 - (iii) The National Assembly or the National Council of Provinces;
- (b) A member of the board of directors of any municipal entity;
- (c) An official of any municipality or municipal entity;
- (d) An employee of any national or provincial department, national or provincial public entity or constitutional institution within the meaning of the Public Finance Management Act, 1999 (Act No.1 of 1999);
- (e) a member of the accounting authority of any national or provincial public entity;
or
- (f) an employee of Parliament or a provincial legislature;

“long term contract” means a contract with a duration period exceeding one year;

“list of accredited prospective providers” means the list of accredited prospective providers which the **municipality** must keep in terms of paragraph 14 of this policy;

“other applicable legislation” means any other legislation applicable to municipal supply chain management, including –

- (a) the Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000);
- (b) the Broad-Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003); and
- (c) the Construction Industry Development Board Act, 2000 (Act No.38 of 2000);

“Treasury guidelines” means any guidelines on supply chain management issued by the Minister in terms of section 168 of the Act;

“the Act” means the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003);

“the Minister” means the Minister of Finance;

“the Regulations” means the Local Government: Municipal Finance Management Act, 2003, Municipal Supply Chain Management Regulations published by Government Notice 868 of 2005;

“written or verbal quotations” means quotations referred to in paragraph 12(1) (b) of this Policy.

CHAPTER 1
IMPLEMENTATION OF SUPPLY CHAIN MANAGEMENT POLICY

Supply chain management policy

2. (1) All officials and other role players in the supply chain management system of the **municipality**
- (2) must implement this Policy in a way that –
- (a) gives effect to –
 - (i) section 217 of the Constitution; and
 - (ii) Part 1 of Chapter 11 and other applicable provisions of the Act;
 - (b) is fair, equitable, transparent, competitive and cost effective;
 - (c) complies with –
 - (i) the Regulations; and
 - (ii) any minimum norms and standards that may be prescribed in terms of section 168 of the Act;
 - (d) is consistent with other applicable legislation;
 - (e) does not undermine the objective for uniformity in supply chain management systems between organs of state in all spheres; and
 - (f) is consistent with national economic policy concerning the promotion of investments and doing business with the public sector.
- (3) This Policy applies when the **municipality**
- (a) procures goods or services;
 - (b) disposes goods no longer needed;
 - (c) selects contractors to provide assistance in the provision of municipal services otherwise than in circumstances where Chapter 8 of the Municipal Systems Act applies; or
 - (d) selects external mechanisms referred to in section 80 (1) (b) of the Municipal Systems Act for the provision of municipal services in circumstances contemplated in section 83 of that Act.
- (4) **This Policy, except where provided otherwise, does not apply in respect of:**
- (a) **The procurement of goods and services contemplated in section 110(2) of the Act, including –**
 - (i) **Water from the Department of Water Affairs or a public entity, another municipality or a municipal entity; and**
 - (ii) **Electricity from Eskom or another public entity, another municipality or a municipal entity.**

- (b) Any contract relating to the publication of notices and advertising by the municipality e.g. Advertising from Print and Electronic Media.
- (c) The unskilled labour component of the Municipality's LLPP (Local Labour Promotion Projects)
- (d) The acquisition of services of attorneys and advocates subject that the acquisition of such Services to be dealt with in terms of Municipality's Delegation of Powers and Duties, as amended from time to time and any Bargaining Council Agreement on Disciplinary Procedures;

Amendment of the supply chain management policy

3. (1) The accounting officer must –
 - (a) at least annually review the implementation of this Policy; and
 - (b) When the accounting officer considers it necessary, submit proposals for the amendment of this Policy to the **council**.
- (2) If the accounting officer submits proposed Amendments to the **council** that differs from the model policy issued by the National Treasury, the accounting officer must –
 - (a) ensure that such proposed amendments comply with the Regulations; and
 - (b) Report any deviation from the model Policy to the National Treasury and the relevant provincial treasury.
- (3) When amending this supply chain management policy the need for uniformity in supply chain practices, procedures and forms between organs of state in all spheres, particularly to promote accessibility of supply chain management systems for small businesses must be taken into account.

Delegation of supply chain management powers and duties

4. (1) The **council** hereby delegates all powers and duties to the accounting officer which are necessary to enable the accounting officer –
 - (a) To discharge the supply chain management responsibilities conferred on accounting officers in terms of –
 - (i) Chapter 8 or 10 of the Act; and
 - (ii) This Policy;
 - (b) to maximise administrative and operational efficiency in the implementation of this Policy;
 - (c) to enforce reasonable cost-effective measures for the prevention of fraud, corruption, favouritism and unfair and irregular practices in the implementation of this Policy; and
 - (d) To comply with his or her responsibilities in terms of section 115 and other applicable provisions of the Act.
- (2) Sections 79 and 106 of the Act apply to the sub-delegation of powers and duties delegated to an accounting officer in terms of subparagraph (1).

- (3) The accounting officer may not sub-delegate any supply chain management powers or duties to a person who is not an official of **the municipality** or to a committee which is not exclusively composed of officials of the **municipality**.
- (4) This paragraph may not be read as permitting an official to whom the power to make final awards has been delegated, to make a final award in a competitive bidding process otherwise than through the committee system provided for in paragraph 26 of this Policy.

Sub-delegations

5. (1) The accounting officer may in terms of section 79 or 106 of the Act any supply chain management powers and duties, including those delegated to the accounting officer in terms of this Policy, but any such sub-delegation must be consistent with subparagraph (2) of this paragraph and paragraph 4 of this Policy.
- (2) The power to make a final award –
 - (a) Above R10 million (VAT included) shall not be sub delegated by the accounting officer;
 - (b) Above R2 million (VAT included), but not exceeding R10 million (VAT included), shall be sub delegated but only to –
 - (i) A bid adjudication committee of which the chief financial officer or a senior manager is a member; or
 - (c) Not exceeding R2 million (VAT included) shall be sub delegated to –
 - (i) The Chief Financial Officer;
 - (ii) A bid adjudication committee.
 - (d) The heads of the departments will be responsible for; among others:
 - i. Initiating and planning all the procurements and disposals
 - ii. Drafting and packaging all the tender dossier including determination of deliverables and/ or performance indicators and bid adjudication criteria
 - iii. Keeping records of all procurements and disposals in accordance with the provisions of this policy
 - iv. Submitting monthly reports to the Chief Financial Officer.
 - v. Contract closure report including performance monitoring
 - (e) All officials dealing with SCM issues as part of their financial responsibilities are also responsible for implementation of this policy in their day-to-day operations.
- (3) An official or bid adjudication committee to which the power to make final awards has been sub delegated in accordance with subparagraph (2) must within five days of the end of each month submit to the official referred to in subparagraph (4) a written report containing particulars of each final award made by such official or committee during that month, including–

- (a) the amount of the award;
 - (b) the name of the person to whom the award was made; and
 - (c) the reason why the award was made to that person.
- (4) A written report referred to in subparagraph (3) must be submitted –
- (a) to the accounting officer, in the case of an award by –
 - (i) the chief financial officer;
 - (ii) a bid adjudication committee of which the chief financial officer or a senior manager is a member; or
 - (b) to the chief financial officer or the senior manager responsible for the relevant bid, in the case of an award by –
 - (i) a manager referred to in subparagraph (2)(c)(iii); or
 - (ii) a bid adjudication committee of which the chief financial officer or a senior manager is not a member.
- (5) Subparagraphs (3) and (4) of this policy do not apply to procurements out of petty cash.
- (6) This paragraph shall not be interpreted as permitting an official to whom the power to make final awards has been sub-delegated, to make a final award in a competitive bidding process otherwise than through the committee system provided for in paragraph 26 of this Policy.
- (7) No supply chain management decision-making powers may be delegated to an advisor or consultant.
- (8) For delegation of powers, Delegation of powers register should be consulted.

(9)

Oversight role of council

6. (1) The **Council** reserves its right to maintain oversight over the implementation of this Policy.
- (2) For the purposes of such oversight the accounting officer must –
- (a) (i) within 30 days of the end of each financial year, submit a report on the implementation of this Policy and the supply chain management policy of any municipal entity under the sole or shared control of the municipality, to the council of the municipality; and
 - (ii) Whenever there are serious and material problems in the implementation of this Policy, immediately submit a report **to the council**
- (3) The accounting officer must, within 10 days of the end of each quarter, submit a report on the implementation of the supply chain management policy to the **Mayor**.

- (4) The reports must be made public in accordance with section 21A of the Municipal Systems Act.
- (5) Submit to Mayor Quarterly report of bids.
- (6) Report to Council on any serious or material problems in the implementation of the Policy

Supply chain management unit

- 7. (1) A supply chain management unit is hereby established to implement this Policy.
- (2) The supply chain management unit operates under the direct supervision of the chief financial officer or an official to whom this duty has been delegated in terms of section 82 of the Act.

Training of supply chain management officials

- 8. The training of officials involved in implementing this Policy should be in accordance with any Treasury guidelines on supply chain management training.

CHAPTER 2 SUPPLY CHAIN MANAGEMENT SYSTEM

Format of supply chain management system

9. This Policy provides systems for –
- (i) demand management;
 - (ii) acquisition management;
 - (iii) logistics management;
 - (iv) disposal management;
 - (v) risk management; and
 - (vi) performance management.

Part 1: Demand management

System of demand management

10. (1) The accounting officer must establish and implement an appropriate demand management system in order to ensure that the resources required by **the municipality** support its operational commitments and its strategic goals outlined in the Integrated Development Plan.
- (2) The demand management system must –
- (a) include timely planning and management processes to ensure that all goods and services required by **the municipality** are quantified, budgeted for and timely and effectively delivered at the right locations and at the critical delivery dates, and are of the appropriate quality and quantity at a fair cost;
 - (b) take into account any benefits of economies of scale that may be derived in the case of acquisitions of a repetitive nature; and
 - (c) provide for the compilation of the required specifications to ensure that its needs are met.
 - (d) To undertake appropriate industry analysis and research to ensure that innovations and technological benefits are maximized.

PART 2: ACQUISITION MANAGEMENT

System of acquisition management

11. (1) The accounting officer must implement the system of acquisition management set out in this Part in order to ensure –
- (a) That goods and services are procured by **the municipality** in accordance with authorised processes only;
 - (b) That expenditure on goods and services is incurred in terms of an approved budget in terms of section 15 of the Act;
 - (c) That the threshold values for the different procurement processes are complied with;
 - (d) That bid documentation, evaluation and adjudication criteria, and general conditions of a contract, are in accordance with any applicable legislation; and
 - (e) That any Treasury guidelines on acquisition management are properly taken into account.
- (2) When procuring goods or services contemplated in section 110(2) of the MFMA, the accounting officer must make public the fact that such goods or services are procured otherwise than through the **municipality's** supply chain management system, including –
- (a) the kind of goods or services; and
 - (b) the name of the supplier.

Range of procurement processes

12. (1) Goods and services may only be procured by way of –
- (a) petty cash purchases, up to a transaction value of R500 (VAT included);
 - (b) Verbal quotations for procurements of a transaction value over R500 up to R5 000 (VAT included);
 - (c) Written quotations for procurement of transaction of a value over R5 000 (VAT included) up to R30 000 (VAT included);
 - (d) Formal written price quotations for procurements of a transaction value over R30 000 up to R200 000 (VAT included); accompanied by tax clearance certificate and
 - (e) a competitive bidding process for–
 - (i) Procurements above a transaction value of R200 000 (VAT included); and
 - (iii) The procurement of long term contracts.

(f)

STRUCTURE OF APPROVAL		
GOODS/SERVICES VALUE	PROCUREMENT METHOD MINIMUM	APPROVAL AUTHORITY
R0- R500	Petty cash: one quote	Divisional Manager-SCM
R501- R 5 000	Three verbal quotations of which at least one must be written	Divisional manager of SCM unit
R5 001 – R30 000	Written (three) quotations	Divisional manager of SCM unit
R30 001- R200 000	Notice on public notice boards & website (for 7 days, SCM regulation 18) or advertisement via newspapers	Chief Financial Officer
R201 001- R2 million	Competitive bidding process (advertise for at least 14 days in the newspaper & website)	The Bid Adjudication Committee
R2 million- R10 million	Competitive bidding process (advertise for at least 14 days in the newspaper & website)	Accounting officer on the recommendation of the Bid Adjudication Committee
Above R10 million	Competitive bidding process (advertise for at least 30 days in the newspaper and website)	Accounting Officer on the recommendation of the Bid adjudication Committee

- (2) The accounting officer may, in writing-
- (a) lower, but not increase, the different threshold values specified in sub-paragraph (1); or
 - (b) direct that –
 - (i) verbal quotations be obtained for any specific procurement of a transaction value lower than R5 000;
 - (ii) formal written price quotations be obtained for any specific procurement of a transaction value lower than R30 000; or
 - (iii) a competitive bidding process be followed for any specific procurement of a transaction value lower than R200 000.
- (3) Goods or services may not deliberately be split into parts or items of a lesser value merely to avoid complying with the requirements of the policy. When determining transaction values, a requirement for goods or services consisting of different parts or items must as far as possible be treated and dealt with as a single transaction.

General preconditions for consideration of written quotations or bids

13. A written quotation or bid may not be considered unless the provider who submitted the quotation or bid –
- (a) has furnished that provider's –

- (i) full name;
 - (ii) identification number or company or other registration number;
 - (iii) tax reference number and VAT registration number, if any; and
 - (iv) B-BBEE status level certificate, Trust, Consortium or Joint Venture must submit a consolidated B-BBEE status level certificate (for purposes of claiming points);
- (b) has authorised the **municipality** to obtain a tax clearance from the South African Revenue Services that the provider's tax matters are in order; and
- (c) has indicated –
- (i) whether he or she is in the service of the state, or has been in the service of the state in the previous twelve months;
 - (ii) if the provider is not a natural person, whether any of its directors, managers, principal shareholders or stakeholder is in the service of the state, or has been in the service of the state in the previous twelve months; or
 - (iii) whether a spouse, child or parent of the provider or of a director, manager, shareholder or stakeholder referred to in subparagraph (ii) is in the service of the state, or has been in the service of the state in the previous twelve months.

Lists of accredited prospective providers

14. (1) The accounting officer must –
- (a) keep a list of accredited prospective providers of goods and services that must be used for the procurement requirements through written or verbal quotations and formal written price quotations; and
 - (b) at least once a year through newspapers commonly circulating locally, the website and any other appropriate ways, invite prospective providers of goods or services to apply for evaluation and listing as accredited prospective providers and close for a certain period as it will be indicated in the advert;
 - (c) specify the listing criteria for accredited prospective providers; and
 - (d) disallow the listing of any prospective provider whose name appears on the National Treasury's database as a person prohibited from doing business with the public sector.
- (2) The list must be updated at least quarterly to include any additional prospective providers and any new commodities or types of services. Prospective providers must be allowed to submit applications for listing at any time.
- (3) The list must be compiled per commodity and per type of service.

Petty cash purchases

15. The conditions for the procurement of goods by means of petty cash purchases referred to in paragraph 12 (1) (a) of this Policy, are as follows –
- (a) the terms on which a manager may delegate responsibility for petty cash to an official reporting to the manager;
 - (b) the maximum number of petty cash purchases or the maximum amounts per month for each manager;
 - (c) any types of expenditure from petty cash purchases that are excluded, where this is considered necessary; and
 - (d) a monthly reconciliation report from each manager must be provided to the chief financial officer, including –
 - (i) the total amount of petty cash purchases for that month; and
 - (ii) receipts and appropriate documents for each purchase.

Verbal or written quotations

16. The conditions for the procurement of goods or services through verbal quotations, are as follows:
- (a) Quotations must be obtained from at least three different providers preferably from, but not limited to, providers whose names appear on the list of accredited prospective providers of the **municipality** provided that if quotations are obtained from providers who are not listed, such providers must meet the listing criteria set out in paragraph 14(1)(b) and (c) of this Policy;
 - (b) to the extent feasible, providers must be requested to submit such quotations in writing;
 - (c) if it is not possible to obtain at least three quotations, the reasons must be recorded and reported quarterly to the accounting officer or another official designated by the accounting officer;
 - (d) the accounting officer must record the names of the potential providers requested to provide such quotations with their quoted prices; and
 - (e) if a quotation was submitted verbally, the order may be placed only against written confirmation by the selected provider.

Formal written price quotations

17. (1) The conditions for the procurement of goods or services through formal written price quotations, are as follows:
- (a) quotations must be obtained in writing from at least three different providers whose names appear on the list of accredited prospective providers of the **municipality**

- (b) quotations may be obtained from providers who are not listed, provided that such providers meet the listing criteria set out in paragraph 14(1)(b) and (c) of this Policy;
 - (c) if it is not possible to obtain at least three quotations, the reasons must be recorded and approved by the chief financial officer or an official designated by the chief financial officer, and
 - (d) the accounting officer must record the names of the potential providers and their written quotations.
 - (e) Offers below R30 000 must be awarded based on compliance to specifications, conditions of the contract, ability and capacity to deliver the goods and services at the lowest price.
 - (f) Offers above R30 000 must be awarded based on the preferential point system using the 80/20 system, compliance to specifications and capacity to deliver the goods and services.
- (2) A designated official referred to in subparagraph (1) (c) must within three days of the end of each month report to the chief financial officer on any approvals given during that month by that official in terms of that subparagraph.

Procedures for procuring goods or services through verbal quotations and formal written price quotations

- 18.** The procedure for the procurement of goods or services through written or verbal quotations or formal written price quotations, is as follows:
- (a) when using the list of accredited prospective providers the accounting officer must promote ongoing competition amongst providers by inviting providers to submit quotations on a rotation basis;
 - (b) all requirements in excess of R30 000 (VAT included) that are to be procured by means of formal written price quotations must, in addition to the requirements of paragraph 17, be advertised for at least seven days on the website and an official notice board of the **municipality**.
 - (c) offers received must be evaluated on a comparative basis taking into account unconditional discounts;
 - (d) the accounting officer or chief financial officer must on a monthly basis be notified in writing of all written and formal written price quotations accepted by an official acting in terms of a sub delegation;
 - (e) offers below R200 000 (VAT included) must be awarded based on compliance to specifications and conditions of contract, ability and capability to deliver the goods and services and lowest price;
 - (f) acceptable offers, which are subject to the preference points system (PPPFA and associated regulations), must be awarded to the bidder who scored the highest points;
 - (g) Delegations of powers must be consulted for quotations and bids.

- (h) The procurement of goods and services between R0 and R5000 falls within the scope of the SCM unit
- (i) The procurement of goods and services between R30 001 and R200 000 will be delegated by the accounting officer to the chief financial officer within the municipality.

Competitive bids

- 19. (1) Goods or services above a transaction value of R200 000 (VAT included) and long term contracts may only be procured through a competitive bidding process, subject to paragraph 11(2) of this Policy.
- (2) No requirement for goods or services above an estimated transaction value of R200 000 (VAT included), may deliberately be split into parts or items of lesser value merely for the sake of procuring the goods or services otherwise than through a competitive bidding process.

Process for competitive bidding

- 20. The procedures for the following stages of a competitive bidding process are as follows:
 - (a) Compilation of bidding documentation by the project manager
 - (b) Finalization and recommendation of the bid document by the bid specification committee
 - (c) Approval of the specification by the CFO
 - (d) Public invitation of bids by SCM or as delegated
 - (e) Site meetings or briefing sessions if required;
 - (f) Handling of bids submitted in response to public invitation as detailed per advert closing date
 - (g) Compliance evaluation on the date of tender opening by the compliance committee (Delegated by the CFO)
 - (h) Evaluation, finalization and recommendation of the bid evaluation report by the bid evaluation committee.
 - (i) Consideration of the evaluation report and final recommendations by the bid adjudication committee.
 - (j) Award of contract by the accounting officer
 - (k) Drafting and signing of service level agreement by corporate services department
 - (l) Administration of contracts
 - (m) After approval of a bid, the accounting officer and the bidder must enter into a written agreement.
 - (n) Proper record keeping
 - (o) Original / legal copies of written contracts agreements should be kept in a secure place for reference purposes.

Bid documentation for competitive bids

21. The criteria to which bid documentation for a competitive bidding process must comply, must –
- (a) take into account –
 - (i) the general conditions of contract and any special conditions of contract, if specified;
 - (ii) any Treasury guidelines on bid documentation; and
 - (iii) the requirements of the Construction Industry Development Board, in the case of a bid relating to construction, upgrading or refurbishment of buildings or infrastructure;
 - (b) include the preference points system to be used, goals as contemplated in the Preferential Procurement Regulations and evaluation and adjudication criteria, including any criteria required by other applicable legislation;
 - (c) compel bidders to declare any conflict of interest they may have in the transaction for which the bid is submitted;
 - (d) if the value of the transaction is expected to exceed R10 million (VAT included), require bidders to furnish–
 - (i) if the bidder is required by law to prepare annual financial statements for auditing, their audited annual financial statements –
 - (aa) for the past three years; or
 - (bb) since their establishment if established during the past three years;
 - (ii) a certificate signed by the bidder certifying that the bidder has no undisputed commitments for municipal services towards a municipality or other service provider in respect of which payment is overdue for more than 30 days;
 - (iii) particulars of any contracts awarded to the bidder by an organ of state during the past five years, including particulars of any material non-compliance or dispute concerning the execution of such contract;
 - (iv) a statement indicating whether any portion of the goods or services are expected to be sourced from outside the Republic, and, if so, what portion and whether any portion of payment from the municipality or municipal entity is expected to be transferred out of the Republic; and
 - (e) stipulate that disputes must be settled by means of mutual consultation, mediation (with or without legal representation), or, when unsuccessful, in a South African court of law.

Public invitation for competitive bids

22. (1) The procedure for the invitation of competitive bids, is as follows:
- (a) Any invitation to prospective providers to submit bids must be by means of a public advertisement in newspapers commonly circulating locally, the website of the **municipality** or any other appropriate ways (which may include an advertisement in the Government Tender Bulletin); and
 - (b) The information contained in a public advertisement, must include –
 - (i) the closure date for the submission of bids, which may not be less than 30 days in the case of transactions over R10 Million (VAT included), or which are of a long term nature, or 14 days in any other case, from the date on which the advertisement is placed in a newspaper, subject to subparagraph (2) of this policy;
 - (ii) a statement that bids may only be submitted on the bid documentation provided by the **municipality**; and
 - (iii) Date, time and venue of any proposed site meetings or briefing sessions.;
 - (2) The accounting officer may determine a closure date for the submission of bids which is less than the 30 or 14 days requirement, but only if such shorter period can be justified on the grounds of urgency or emergency or any exceptional case where it is impractical or impossible to follow the official procurement process.
 - (3) Bids submitted must be sealed.
 - (4) Be must be submitted in electronic format.

Procedure for handling, opening and recording of bids

23. The procedures for the handling, opening and recording of bids, are as follows:
- (a) Bids–
 - (i) must be opened only in public;
 - (ii) must be opened at the same time and as soon as possible after the period for the submission of bids has expired; and
 - (iii) Received after the closing time should not be considered and returned unopened immediately.
 - (b) Any bidder or member of the public has the right to request that the names of the bidders who submitted bids in time must be read out and, if practical, also each bidder's total bidding price;
 - (c) No information, except the provisions in subparagraph (b), relating to the bid should be disclosed to bidders or other persons until the successful bidder is notified of the award; and

- (d) The accounting officer must –
 - (i) record in a register all bids received in time;
 - (ii) make the register available for public inspection; and
 - (iii) publish the entries in the register and the bid results on the website.

Negotiations with preferred bidders

- 24. (1) The accounting officer may negotiate the final terms of a contract with bidders identified through a competitive bidding process as preferred bidders, provided that such negotiation –
 - (a) does not allow any preferred bidder a second or unfair opportunity;
 - (b) is not to the detriment of any other bidder; and
 - (c) does not lead to a higher price than the bid as submitted.
- (2) Minutes of such negotiations must be kept for record purposes.

Two-stage bidding process

- 25. (1) A two-stage bidding process is allowed for –
 - (a) large complex projects;
 - (b) projects where it may be undesirable to prepare complete detailed technical specifications; or
 - (c) long term projects with a duration period exceeding three years.
- (2) In the first stage technical proposals on conceptual design or performance specifications should be invited, subject to technical as well as commercial clarifications and adjustments.
- (3) In the second stage final technical proposals and priced bids should be invited.
- (4) Turnkey projects are prohibited.

Committee system for competitive bids

- 26. (1) A committee system for competitive bids is hereby established, consisting of the following committees for each procurement or cluster of procurements as the accounting officer may determine:
 - (a) a bid specification committee;
 - (b) a bid evaluation committee; and
 - (c) a bid adjudication committee;
- (2) The accounting officer appoints the members of each committee, taking into account section 117 of the Act; and

- (3) A neutral or independent observer, appointed by the accounting officer, must attend or oversee a committee when this is appropriate for ensuring fairness and promoting transparency.
- (4) The committee system must be consistent with –
 - (a) Paragraph 27, 28 and 29 of this Policy; and
 - (b) Any other applicable legislation.
- (5) The accounting officer may apply the committee system to formal written price quotations.

Bid specification committees

- 27.**
- (1) A bid specification committee must compile the specifications for each procurement of goods or services by the **municipality**.
 - (2) Specifications –
 - (a) Must be drafted in an unbiased manner to allow all potential suppliers to offer their goods or services;
 - (b) must take account of any accepted standards such as those issued by Standards South Africa, the International Standards Organisation, or an authority accredited or recognized by the South African National Accreditation System with which the equipment or material or workmanship should comply;
 - (c) Must, where possible, be described in terms of performance required rather than in terms of descriptive characteristics for design;
 - (d) may not create trade barriers in contract requirements in the forms of specifications, plans, drawings, designs, testing and test methods, packaging, marking or labeling of conformity certification;
 - (e) may not make reference to any particular trade mark, name, patent, design, type, specific origin or producer unless there is no other sufficiently precise or intelligible way of describing the characteristics of the work, in which case such reference must be accompanied by the word “equivalent”;
 - (f) must indicate each specific goal for which points may be awarded in terms of the points system set out in the Preferential Procurement Regulations 2011; and
 - (g) The bid specification committee must, in the bid documents indicate if, in respect of a particular bid invitation, bids will be evaluated on functionality and points to be allocated within functionality must be clearly indicated.
 - (h) The conditions of a bid must stipulate that a bidder must score a specified minimum number of points for functionality (contemplated in subsection (g)) to qualify for further adjudication.
 - (i) Must be approved by the accounting officer prior to publication of the invitation for bids in terms of paragraph 22 of this Policy.
 - (3) A bid specification committee is composed of the following officials of the municipality:

- The head of the procuring department
 - The procuring divisional manager
 - Advisor/ consultant (if necessary)
- (4) No person, advisor or corporate entity involved with the bid specification committee, or director of such a corporate entity, may bid for any resulting contracts.
- (5) Tender document prices are pre-determined by the specification Committee looking at the value of the projects also considering the cost of printing the document. Please refer to budget document for prices.

Bid evaluation committees

- 28.** (1) A bid evaluation committee must –
- (a) Evaluate bids in accordance with –
 - (i) the specifications for a specific procurement; and
 - (ii) The points system set out in terms of paragraph 29(8-11).
 - (b) Evaluate each bidder's ability to execute the contract;
 - (c) Check in respect of the recommended bidder whether municipal rates and taxes and municipal service charges are not in arrears, and;
 - (d) Submit to the adjudication committee a report and recommendations regarding the award of the bid or any other related matter.
- (2) A bid evaluation committee must as far as possible be composed of-
- (a) Officials from departments requiring the goods or services; and
 - (b) At least one supply chain management practitioner of the municipality to ensure compliance with SCM procedures.

Bid adjudication committees

- 29.** (1) A bid adjudication committee must –
- (a) Consider the report and recommendations of the bid evaluation committee; and
 - (b) Either –
 - (i) Depending on its delegations, make a final award or a recommendation to the accounting officer to make the final award; or

- (ii) Make another recommendation to the accounting officer how to proceed with the relevant procurement.
- A bid adjudication committee must consist of at least four Senior Managers of the **municipality** which must include –
 - (a) The chief financial officer or, if the chief financial officer is not available, another manager in the budget and treasury office reporting directly to the chief financial officer and designated by the chief financial officer; and
 - (b) At least one senior supply chain management practitioner who is an official of the **municipality** and
 - (c) A technical expert in the relevant field who is an official, if such an expert exists.
- (3) The accounting officer must appoint the chairperson of the committee. If the chairperson is absent from a meeting, the members of the committee who are present must elect one of them to preside at the meeting.
- (4) Neither a member of a bid evaluation committee, nor an advisor or person assisting the evaluation committee, may be a member of a bid adjudication committee.
- (5) (a) If the bid adjudication committee decides to award a bid other than the one recommended by the bid evaluation committee, the bid adjudication committee must prior to awarding the bid –
 - (i) check in respect of the preferred bidder whether that bidder's municipal rates and taxes and municipal service charges are not in arrears, and;
 - (ii) Notify the accounting officer.
- (b) The accounting officer shall –
 - (i) After due consideration of the reasons for the deviation, ratify or reject the decision of the bid adjudication committee referred to in paragraph (a); and
 - (ii) If the decision of the bid adjudication committee is rejected, refer the decision of the adjudication committee back to that committee for reconsideration.
- (6) The accounting officer must at any stage of a bidding process, refer any recommendation made by the evaluation committee or the adjudication committee back to that committee for reconsideration of the recommendation.
- (7) The accounting officer must comply with section 114 of the Act within 10 working days

30. Preference points system, evaluation of bids, awarding of bids not scoring highest points, cancellation and re-invitation of bids

- Planning and Stipulation of preference point system to be utilized
An organ of state must, prior to making an invitation for tender-

- (a) Properly plan for, and, as far as possible, accurately estimate the costs of the provision of services, works or goods for which an invitation for tenders is to be made;
- (b) determine and stipulate the appropriate preference point system to be utilized in the evaluation and adjudication of the tenders; and
- (c) determine whether the services, works or goods for which an invitation for tenders is to be made has been designated for local production and content in terms of regulation 9.

➤ **Evaluation of tenders on functionality**

- (1) an organ of state must indicate in the invitation to submit a tender if that tender will be evaluated on functionality.

- (2) The evaluation criteria for measuring functionality must be objective.

- (3) When evaluating tenders on functionality, the-

- (a) Evaluation criteria for measuring functionality;
- (b) Weight of each criterion;
- (c) Applicable values; and
- (d) Minimum quality score for functionality,

must be clearly specified in the invitation to submit a tender.

- (4) No tender must be regarded as an acceptable tender if it fails to achieve the minimum qualifying score for functionality as indicated in the tender invitation.

- (5) The bids that have achieve the minimum qualification score for functionality must be evaluated further in terms of the preference point systems.

- (6) When evaluating for functionality the following criteria must be used:

- a) For what purpose has the entity been registered for and this purpose is in-line with the bid.
- b) The period which the entity has been registered.
- c) How many previous contracts of a similar nature has the bidder executed?
- d) What is the bank rating of the bidder?
- e) What is the CIDB rating of the bidder for construction bids?
- f) The bidder has the necessary equipment's to execute the bid.
- g) In the event that the bidder does not have all the necessary equipment to execute the contract, will be able to source the equipment's required.
- h) The bidder must have the necessary skilled staff to execute the project.
- i) What percentage of the bid will the bidder going to sub-contract.
- j) Where are the bidders offices located?

- (7) The above criteria's to be weighted in the following manner:

- If the entity is registered for the services required, 10 points should be awarded and if not zero points must be awarded
- For the period of which the entity has been in existence
 - (i) 1-2 years awarded 2 points

- (ii) 3-4 years awarded 4 points
 - (iii) 5-6 years awarded 6 points
 - (iv) 7-8 years awarded 8 points
 - (v) 9-10 years awarded 10 points
- The number of previous similar projects executed
 - (i) 1-2 awarded 2 points
 - (ii) 3-4 awarded 4 points
 - (iii) 5-6 awarded 6 points
 - (iv) 7-8 awarded 8 points
 - (v) 9-10 awarded 10 points
- The bank rating of the bidder
 - (i) A rating awarded 10 points
 - (ii) B rating awarded 8 points
 - (iii) C rating awarded 6 points
 - (iv) D rating awarded 4 points
 - (v) E rating and below awarded 2 points
- The CIDB rating of the bidder must be the one indicated in the bid document requirements or higher be awarded 5 points
- The necessary equipment to execute the project
 - (i) Does not have the equipment be awarded 0 points
 - (ii) Has some of the equipment be awarded 5 points
 - (iii) Has all the necessary equipment be awarded 10 points
- In the event that the bidder does not have the equipment to execute the project, will the bidder be able to source the equipment
 - (i) Will not be able to source the equipment be awarded 0 points
 - (ii) Will be able to source some be awarded 5 points
 - (iii) Will be able to source all the equipment be awarded 10 points
- Does the bidder have the necessary skilled staff
 - (i) If the bidder has no necessary skilled staff be awarded 0 points
 - (ii) If the bidder has some of the necessary skilled staff be awarded 5 points
 - (iii) The bidder has all the necessary skilled staff be awarded 10 points
- The ability of the bidder to execute the project without sub-contracting
 - (i) The bidder sub-contracting more than 25% be awarded 0 points
 - (ii) The bidder sub-contracting between 20%-25% be awarded 5 points
 - (iii) The bidder sub-contracting less than 20% be awarded 10 points
- The location of the bidders offices
 - (i) Within Modimolle be awarded 10 points
 - (ii) Within Waterberg District be awarded 8 points
 - (iii) Within Limpopo Province be awarded 6 points
 - (iv) Within RSA be awarded 4 points
- The bidder must attain 60% or more on the points allocated for functionality to be evaluated further on the 80/20 or 90/10 preference point system.
- The above criteria to be applied where applicable

8 The 80/20 preference point system for acquisition of services, works or goods up to A Rand value of R1 million

- (1) (a) The following formula must be used to calculate the points for price in respect of tenders (including price quotations) with a Rand value equal to, or above R30 000 and up to a Rand value R1 000 000 (all applicable taxes included):

$$Ps = 80 \frac{Pt - Pmin}{Pmin}$$

Where

Ps = Points scored for comparative price of tender or offer under Consideration;

Pt = Comparative price of tender or offer under consideration; and

Pmin = Comparative price of lowest acceptable tender or tender or offer.

- (c) Organs of state may apply the formula in paragraph (a) for price quotations with a value less than R 30 000, if and when appropriate:

Subject to sub-regulation (3), points must be awarded to a tender for attaining the B-BBEE status level of contributor in accordance with the table

B-BBEE STATUS LEVEL OF CONTRBUTOR	NUMBER OF POINTS
1	20
2	18
3	16
4	12
5	8
6	6
7	4
8	2
Non-compliant contributor	0

- (2) A maximum of 20 points may be allocated in accordance with sub-regulation (2).
- (3) The points scored by a tender in respect B-BBEE contribution contemplated in sub-regulation (2) must be added to the points scored for price as calculated in accordance with sub-regulation (1)..
- (6) Only the bid with the highest number of points scored may be selected unless prohibited by any section provided for by this policy.

9 The 90/10 preference point system for acquisition of services, works or goods with a Rand value above R1 million

- (1) The following formula must be used to calculate the points for price in respect of tenders with a Rand value above R1 000 000 (all applicable taxes included):

$$Ps = 90 \frac{Pt - Pmin}{(1 - Pmin)}$$

Where

Ps = Points scored for comparative price of tender or offer under Consideration:

Pt = Comparative price of tender or offer under consideration; and

Pmin = Comparative price of lowest acceptable tender or offer.

Subject to sub-regulation (3), points must be awarded to a tenderer for attaining their B-BBEE status level of contributor in accordance with the table below:

B-BBEE STATUS LEVEL OF CONTRIBUTOR	NUMBER OF POINTS
1	10
2	9
3	8
4	5
5	4
6	3
7	2
8	1
Non-compliant contributor	0

- (2) A maximum of 10 points may be allocated in accordance with sub-regulation (2).
- (3) The points scored by a tenderer in respect of the B-BBEE contribution contemplated in sub-regulation (2) must be added to the points scored for price as calculated in accordance with sub-regulation (1).
- (4) Subject to regulation 7, the contract must be awarded to the tenderer who scores the highest total number of points.
- (5) Only the bid with the highest number of points scored may be selected unless prohibited by any section provided for by this policy

Award of contracts to tenders not scoring the highest number of points

6. (1) A contract may be awarded to a tender that did not score the highest total number of points, only in accordance with section 2 (1) (f) of the PPPFA.

Cancellation and re-invitation of tenders

7. (1) (a) In the event that, in the application of the 80/20 preference point system as stipulated in the tender documents, **all** tenders received exceed the estimated Rand value of R1 000 000, the tender invitation must be cancelled.
(b) If one or more of the acceptable tenders received are within the prescribed threshold On the 80/20 preference point system.
(2) (a) In the event that , in the application of the 90/10 preference point system as stipulated in the tender documents, all tenders receive are equal to ,or below R1000 000,the tender must be cancelled.
(b) If one or more of the acceptable tenders received are above the prescribed threshold of R1000 000, all tenders receive must be evaluated on the 90/10 point system.
- An organ of state which has cancelled a tender invitation as contemplated in sub –

regulations (1)(a) and (2)(a) must re-invite tender and must, in the tender documents, stipulate the correct preference point system to be applied.

- An organ of state may prior to the award of a tender, cancel a tender if
 - (a) due to change circumstances, there is no longer a need for the services, works or goods requested; or
 - (b) Funds are no longer available to cover the total envisaged expenditure; or
 - (c) No acceptable tender are received.
- The decision to cancel a tender is in terms of sub-regulation (4) must be published in the Government Tender Bulletin or the media in which the original tender invitation was advertised.

10 The 80/20 preference point system for the sale and letting of assets

- (1) The following formula must be used to calculate the points for price in respect of bids with a Rand value equal to, or above R30 000.00 and up to a Rand value of R1 000 000 and which relate to the sale and letting of assets.

$$Ps = 80 \left(1 + \frac{Pt - Ph}{Ph} \right)$$

Where

Ps = Points scored for price of bid under consideration

Pt = Rand value of bid under consideration

Ph = Rand value of highest acceptable bid

- (2) A maximum of 20 points may be awarded for specific preferential points to a bidder.
- (3) The points scored by a bidder in respect of the goals specified in terms of the Preferential Procurement Policy Framework Act, 2000 must be added to the points scored for price.
- (4) Only the bid with the highest number of points scored may be selected unless prohibited by any section provided for by this policy

11 The 90/10 preference point system for the sale and letting of assets

- (1) The following formula must be used to calculate the points for price in respect of bids with a Rand value above R1 000 000 and which relate to the sale and letting of assets:

$$Ps = 90 \left(1 + \frac{Pt - Ph}{Ph} \right)$$

Where

Ps = Points scored for price of bid under consideration

Pt = Rand value of bid under consideration

Ph = Rand value of highest acceptable bid

- (2) A maximum of 10 points shall be awarded for specific preferential goals.
- (3) The points scored by a bidder in respect of the goals specified in terms of the Preferential Procurement Policy Framework Act 2000, must be added to the points scored for price.
- (4) Only the bid with the highest number of points scored may be selected unless prohibited by any section provided for by this policy

OR

Award of contract to bid not scoring the highest number of points

12. Despite subsections 72(4), 73(4), 74(4), 75(4) and 77(8), a contract may, on reasonable and justifiable grounds, be awarded to a bid that did not score the highest number of points.

Cancellation and re-invitation of bids

13. The municipality may, prior to the award of a bid, cancel a bid if:

- (a) due to changed circumstances, there is no longer need for the goods or services bided for; or
- (b) funds are no longer available to cover the total envisaged expenditure; or
- (c) no acceptable bids are received.
- (d) If there was a deviation or an error in the procurement process.

14. In the event that, in the application of the 80/20 preference point system as stipulated in the bid documents, all bids received exceed the estimated Rand value of R1 000 000, the bid invitation must be cancelled.

15. In the event that, in the application of the 90/10 preference point system as stipulated in the bid documents, all bids received are equal to, or below R1 000 000, the bid must be cancelled.

16. Not more than 25% of the contract maybe sub-contracted.

General Conditions

- 17. (1) The municipality may, before a bid is adjudicated or at any time, require a bidder to substantiate claims it has made with regard to preference.
- (2) Points scored, must be rounded off to the nearest 2 decimals.
- (3) In the event that two or more bids have scored equal total points, the successful bid must be the one scoring the highest number of preference points. Should two or more bids be equal in all respects, the award shall be decided by the drawing of lots.

Principles

18. (1) Preference points stipulated in respect of a bid must include preference points for equity ownership.
- (2) The equity ownership contemplated in subsection (1) must be equated to the percentage of an enterprise or business owned by individuals or, in respect of a company, the percentage of a company's shares that are owned by individuals, who are actively involved in the management of the enterprise or business and exercise control over the enterprise, commensurate with their degree of ownership at the closing date of the bid.
- (3) In the event that the percentage of ownership contemplated in subsection (2) changes after the closing date of the bid, the bidder must notify the municipality and such bidder will not be eligible for any preference points.
- (4) Preference points may not be claimed in respect of individuals who are not actively involved in the management of an enterprise or business and who do not exercise control over an enterprise or business commensurate with their degree of ownership.
- (5) Subject to subsections (1), (2), (3) and (4), all claims made for equity ownership by a B-BBEE status level of contributor must be considered according to the following criteria:
- (a) Equity within private companies must be based on the percentage of equity ownership;
- (b) Preference points may not be awarded to public companies and tertiary institutions;
- (c) EP = the percentage of equity ownership by a B-BBEE status level of contributor within the business, determined in accordance with subsections (1), (2), (3) and (4).

$$NEP = \frac{NOP \times EP}{100}$$

Where

NEP = Points awarded for equity ownerships by an HDI

NOP = The maximum number of points awarded for equity ownership.

EP = The percentage of equity ownership

within the enterprise or business.

- (6) Equity claims for a Trust may only be allowed in respect of those persons who are both trustees and beneficiaries and who are actively involved in the management of the Trust.
- (7) Documentation to substantiate the validity of the credentials of the trustees must be submitted to the municipality.

- (8) A Consortium or Joint Venture may, based on the percentage of the contract value managed or executed by their B-BBEE status level of contributor members, be entitled to equity ownership in respect of a B-BBEE status level of contributor.
 - (9) The number of points scored for a Consortium or Joint Venture must be added to the number of points scored for achieving specified goals.
 - (10) The points contemplated in subsection (9) must be added to the points scored for price, in order to establish the total number of points scored.
 - (11) Subject to sections 78 and 79, the contract must be awarded to the bid which scores the highest points unless prohibited by any section provided for by this policy
 - (12) A person awarded a contract as a result of preference for contracting with, or providing equity ownership to, B-BBEE status level of contributor, may not subcontract more than 25% of the value of the contract to a person who is not a B-BBEE status level of contributor or does not qualify for such preference.
- (13) Broad-Based Black Economic Empowerment Status Level Certificates
- 4.1 Tenderers with annual total revenue of R5 million or less qualify as Exempted Micro Enterprises (EMEs) in terms of the Broad-Based Black Economic Empowerment Act, and must submit a certificate issued by a registered auditor, accounting officer (as contemplated in section 60(4) of the Close Corporation Act, 1984 (Act no. 69 of 1984)) or an accreditation verification agency.
 - 4.2 Tenderers other than Exempted Micro-Enterprises (EMEs) must submit their original and valid B-BBEE status level verification certificate or a certified copy thereof, substantiating their B-BBEE rating.
 - 4.3 The submission of such certificates must comply with the requirements of instructions and guidelines issued by the National Treasury and be in accordance with notices published by the Department of Trade and Industry in the Government Gazette.
 - 4.4 The B-BBEE status level attained by the tenderer must be used to determine the number of points contemplated in regulation 8(1) and 9 (1)
19. Modimolle Local Municipality must award points for preference objectives in accordance with the PPPFA and its regulation, which also incorporate the 80/20 and 90/10 scoring models.
20. With the use of scoring models, the accounting officer must determine the ratio of points for HDI development in the achievements of pre-determined goals.
21. Modimolle Local Municipality aims at meeting the principles of BEE as stipulated in the BEE Act and will apply general score cards or sector specific Charters where applicable.
22. Other socio-economic objectives not addressing the RDP requirements and targeting previously disadvantaged individuals, such as HIV/AIDS, Enterprise Development, EPWP and environmental conditions must be addressed through contract specification or scope of work.

23. In case an award (projects of rand value over R2 million) is made to an Enterprise located outside the district municipality of Waterberg, 25% of the total infrastructure project must be sub-contracted to an enterprise located in the Waterberg district for transfer of skills provided the subcontracted contractor appears on the Modimolle Local Municipality database.

Procurement of banking services

31. (1) A contract for banking services –
- (a) Must be procured through competitive bids;
 - (b) Must be consistent with section 7 or 85 of the Act; and
 - (c) May not be for a period of more than five years at a time.
- (2) The process for procuring a contract for banking services must commence at least nine months before the end of an existing contract.
- (3) The closure date for the submission of bids may not be less than 60 Days from the date on which the advertisement is placed in a newspaper in terms of paragraph 22(1). Bids must be restricted to banks registered in terms of the Banks Act, 1990 (Act No. 94 of 1990).

Procurement of IT related goods or services

32. (1) the accounting officer may request the State Information Technology Agency (SITA) to assist with the acquisition of IT related goods or services through a competitive bidding process.
- (2) Both parties must enter into a written agreement to regulate the services rendered by, and the payments to be made to, SITA.
- (3) The accounting officer must notify SITA together with a motivation of the IT needs if –
- (a) the transaction value of IT related goods or services required in any financial year will exceed R100 million (VAT included); or
 - (b) The transaction value of a contract to be procured whether for one or more years exceeds R100 million (VAT included).
- (4) If SITA comments on the submission and the **municipality** disagree with such comments, the comments and the reasons for rejecting or not following such comments must be submitted to the council, the National Treasury, the relevant provincial treasury and the Auditor General.

Procurement of goods and services under contracts secured by other organs of state

33. (1) The accounting officer may procure goods or services under a contract secured by another organ of state, but only if –
- (a) the contract has been secured by that other organ of state by means of a competitive bidding process applicable to that organ of state;
 - (b) there is no reason to believe that such contract was not validly procured;
 - (c) there are demonstrable discounts or benefits to do so; and

- (d) that other organ of state and the provider have consented to such procurement in writing.
- (2) Subparagraphs (1)(c) and (d) do not apply if –
 - (a) a municipal entity procures goods or services through a contract secured by its parent municipality; or
 - (b) a municipality procures goods or services through a contract secured by a municipal entity of which it is the parent municipality.

Procurement of goods necessitating special safety arrangements

34. (1) The acquisition and storage of goods in bulk (other than water), which necessitate special safety arrangements, including gasses and fuel, should be avoided where ever possible.
- (2) Where the storage of goods in bulk is justified, such justification must be based on sound reasons, including the total cost of ownership, cost advantages and environmental impact and must be approved by the accounting officer.

Proudly SA Campaign

35. **The municipality** supports the Proudly SA Campaign to the extent that, all things being equal, preference is given to procuring local goods and services from:

- Firstly – suppliers and businesses within the municipality or district;
- Secondly – suppliers and businesses within the relevant province;
- Thirdly – suppliers and businesses within the Republic.

Appointment of consultants

36. (1) the accounting officer may procure consulting services provided that any Treasury guidelines in respect of consulting services are taken into account when such procurements are made.
- (2) Consultancy services must be procured through competitive bids if
 - (a) The value of the contract exceeds R200 000 (VAT included); or
 - (b) The duration period of the contract exceeds one year.
- (3) In addition to any requirements prescribed by this policy for competitive bids, bidders must furnish particulars of –
 - (a) all consultancy services provided to an organ of state in the last five years; and
 - (b) Any similar consultancy services provided to an organ of state in the last five years.

- (4) The accounting officer must ensure that copyright in any document produced, and the patent rights or ownership in any plant, machinery, thing, system or process designed or devised, by a consultant in the course of the consultancy service is vested in the **municipality**.
- 5 . The Accounting Officer may after the competitive bidding process for the procurement of consultants, develop a panel or database which will be valid for a period not more than three years and used as and when required and only be confined to price comparisons in this regard on a choice of three or more consultants on the database.
- (6) The approval of these quotations will be done by the Accounting office or Chief Financial Officer.

Deviation from, and ratification of minor breaches of, procurement processes

37. (1) The accounting officer may –
- (a) Dispense with the official procurement processes established by this Policy and to procure any required goods or services through any convenient process, which may include direct negotiations, but only –
 - (i) In an emergency;
 - (ii) If such goods or services are produced or available from a single provider only;
 - (iii) For the acquisition of special works of art or historical objects where specifications are difficult to compile;
 - (iv) Acquisition of animals for zoos and/or nature and game reserves; or
 - (v) in any other exceptional case where it is impractical or impossible to follow the official procurement processes; and
 - (b) ratify any minor breaches of the procurement processes by an official or committee acting in terms of delegated powers or duties which are purely of a technical nature.
- (2) The accounting officer must record the reasons for any deviations in terms of subparagraphs (1)(a) and (b) of this policy and report them to the next meeting of the council and include as a note to the annual financial statements.
 - (3) Subparagraph (2) does not apply to the procurement of goods and services contemplated in paragraph 11(2) of this policy.

Unsolicited bids

- 38.** (1) In accordance with section 113 of the Act there is no obligation to consider unsolicited bids received outside a normal bidding process.
- (2) The accounting officer may decide in terms of section 113(2) of the Act to consider an unsolicited bid, only if –
- (a) the product or service offered in terms of the bid is a demonstrably or proven unique innovative concept;
 - (b) The product or service will be exceptionally beneficial to, or have exceptional cost advantages;
 - (c) The person who made the bid is the sole provider of the product or service; and
 - (d) the reasons for not going through the normal bidding processes are found to be sound by the accounting officer.
- (3) If the accounting officer decides to consider an unsolicited bid that complies with subparagraph (2) of this policy, the decision must be made public in accordance with section 21A of the Municipal Systems Act, together with –
- (a) Reasons as to why the bid should not be open to other competitors;
 - (b) An explanation of the potential benefits if the unsolicited bid were accepted; and
 - (c) An invitation to the public or other potential suppliers to submit their comments within 30 days of the notice.
- (4) The accounting officer must submit all written comments received pursuant to subparagraph (3), including any responses from the unsolicited bidder, to the National Treasury and the relevant provincial treasury for comment.
- (5) The adjudication committee must consider the unsolicited bid and may award the bid or make a recommendation to the accounting officer, depending on its delegations.
- (6) A meeting of the adjudication committee to consider an unsolicited bid must be open to the public.
- (7) When considering the matter, the adjudication committee must take into account–
- (a) any comments submitted by the public; and
 - (b) any written comments and recommendations of the National Treasury or the relevant provincial treasury.
- (8) If any recommendations of the National Treasury or provincial treasury are rejected or not followed, the accounting officer must submit to the Auditor

General, the relevant provincial treasury and the National Treasury the reasons for rejecting or not following those recommendations.

- (9) Such submission must be made within seven days after the decision on the award of the unsolicited bid is taken, but no contract committing the **municipality** to the bid may be entered into or signed within 30 days of the submission.

Combating of abuse of supply chain management system

39. (1) The accounting officer must–
- (a) Take all reasonable steps to prevent abuse of the supply chain management system;
 - (b) Investigate any allegations against an official or other role player of fraud, corruption, favouritism, unfair or irregular practices or failure to comply with this Policy, and when justified –
 - (i) Take appropriate steps against such official or other role player or
 - (ii) report any alleged criminal conduct to the South African Police Service;
 - (c) Check the National Treasury's database prior to awarding any contract to ensure that no recommended bidder, or any of its directors, is listed as a person prohibited from doing business with the public sector;
 - (d) Reject any bid from a bidder–
 - (i) if any municipal rates and taxes or municipal service charges owed by that bidder or any of its directors to the **municipality municipal** or to any other municipality or municipal entity, are in arrears for more than three months; or
 - (ii) who during the last five years has failed to perform satisfactorily on a previous contract with the **municipality** or any other organ of state after written notice was given to that bidder that performance was unsatisfactory;
 - (e) Reject a recommendation for the award of a contract if the recommended bidder, or any of its directors, has committed a corrupt or fraudulent act in competing for the particular contract;
 - (f) Cancel a contract awarded to a person if –
 - (i) the person committed any corrupt or fraudulent act during the bidding process or the execution of the contract; or
 - (ii) an official or other role player committed any corrupt or fraudulent act during the bidding process or the execution of the contract that benefited that person; and
 - (g) Reject the bid of any bidder if that bidder or any of its directors –

- (i) has abused the supply chain management system of the **municipality** or has committed any improper conduct in relation to such system;
 - (ii) has been convicted for fraud or corruption during the past five years;
 - (iii) has wilfully neglected, reneged on or failed to comply with any government, municipal or other public sector contract during the past five years; or
 - (iv) has been listed in the Register for Tender Defaulters in terms of Section 29 of the Prevention and Combating of Corrupt Activities Act (No 12 of 2004).
 - (h) Rate service providers according to the service or goods rendered to Modimolle Local Municipality and if the goods or service are not according to the specification or the quality is poor council blacklist the service provider for two years on the list of accredited prospective service providers.
- (2) The accounting officer must inform the National Treasury and relevant provincial treasury in writing of any actions taken in terms of subparagraphs (1)(b)(ii), (e) or (f) of this policy.

PART 3: LOGISTICS, DISPOSAL, RISK AND PERFORMANCE MANAGEMENT

Logistics management

40. The accounting officer must establish and implement an effective system of logistics management, which must include –
- (a) the monitoring of spending patterns on types or classes of goods and services incorporating, where practical, the coding of items to ensure that each item has a unique number;
 - (b) the setting of inventory levels that includes minimum and maximum levels and lead times wherever goods are placed in stock;
 - (c) the placing of manual or electronic orders for all acquisitions other than those from petty cash;
 - (d) before payment is approved, certification by the responsible officer that the goods and services are received or rendered on time and is in accordance with the order, the general conditions of contract and specifications where applicable and that the price charged is as quoted in terms of a contract;
 - (e) Appropriate standards of internal control and warehouse management to ensure that goods placed in stores are secure and only used for the purpose for which they were purchased;
 - (f) regular checking to ensure that all assets including official vehicles are properly managed, appropriately maintained and only used for official purposes; and
 - (g) monitoring and review of the supply vendor performance to ensure compliance with specifications and contract conditions for particular goods or services.

Disposal management

41. (1) The criteria for the disposal or letting of assets, including unserviceable, redundant or obsolete assets, subject to sections 14 and 90 of the Act, are as follows:
- (2) Assets may be disposed of by –
- (i) Transferring the asset to another organ of state in terms of a provision of the Act enabling the transfer of assets;
 - (ii) Transferring the asset to another organ of state at market related value or, when appropriate, free of charge;
 - (iii) selling the asset through an auction
- (3) The accounting officer must ensure that –
- (a) Immovable property is sold only at market related prices except when the public interest or the plight of the poor demands otherwise;

- (b) movable assets are sold either by way of written price quotations, a competitive bidding process, auction or at market related prices, whichever is the most advantageous;
- (c) firearms are not sold or donated to any person or institution within or outside the Republic unless approved by the National Conventional Arms Control Committee;
- (d) immovable property is let at market related rates except when the public interest or the plight of the poor demands otherwise;
- (e) all fees, charges, rates, tariffs, scales of fees or other charges relating to the letting of immovable property are annually reviewed;
- (f) where assets are traded in for other assets, the highest possible trade-in price is negotiated; and
- (g) in the case of the free disposal of computer equipment, the provincial department of education is first approached to indicate within 30 days whether any of the local schools are interested in the equipment.

Risk management

42. (1) The criteria for the identification, consideration and avoidance of potential risks in the supply chain management system, are as follows:
- (2) Risk management must include –
- (a) the identification of risks on a case-by-case basis;
 - (b) the allocation of risks to the party best suited to manage such risks;
 - (c) acceptance of the cost of the risk where the cost of transferring the risk is greater than that of retaining it;
 - (d) the management of risks in a pro-active manner and the provision of adequate cover for residual risks; and
 - (e) the assignment of relative risks to the contracting parties through clear and unambiguous contract documentation.

Performance management

43. The accounting officer must establish and implement an internal monitoring system in order to determine, on the basis of a retrospective analysis, whether the authorised supply chain management processes were followed and whether the objectives of this Policy were achieved. Performance management of the contractor and procured goods, services and works should be carried out by the Head of Department initiating the procurement and reported in terms of this policy

PART 4: OTHER MATTERS

Prohibition on awards to persons whose tax matters are not in order

44. (1) No award above R15 000 may be made in terms of this Policy to a person whose tax matters have not been declared by the South African Revenue Service to be in order.
- (2) Before making an award to a person the accounting officer must first check with SARS whether that person's tax matters are in order.
- (3) If SARS does not respond within 7 days such person's tax matters may for purposes of subparagraph (1) be presumed to be in order.

Prohibition on awards to persons in the service of the state

45. Irrespective of the procurement process followed, no award may be made to a person in terms of this Policy—
- (a) who is in the service of the state;
- (b) if that person is not a natural person, of which any director, manager, principal shareholder or stakeholder is a person in the service of the state; or
- (c) a person who is an advisor or consultant contracted with the **municipality**

Awards to close family members of persons in the service of the state

46. The accounting officer must ensure that the notes to the annual financial statements disclose particulars of any award of more than R5 000 to a person who is a spouse, child or parent of a person in the service of the state, or has been in the service of the state in the previous twelve months, including –
- (a) the name of that person;
- (b) the capacity in which that person is in the service of the state; and
- (c) the amount of the award.

Ethical standards

47. ***conduct for supply chain management practitioners and other role players involved in supply chain management*** is hereby established for officials and other role players in the supply chain management system of the **municipality** in order to promote –
- (a) mutual trust and respect; and
- (b) an environment where business can be conducted with integrity and in a fair and reasonable manner.
- (2) An official or other role player involved in the implementation of this Policy –
- (a) must treat all providers and potential providers equitably;
- (b) may not use his or her position for private gain or to improperly benefit another person;

- (c) may not accept any reward, gift, favour, hospitality or other benefit directly or indirectly, including to any close family member, partner or associate of that person, of a value more than R350;
 - (d) notwithstanding subparagraph (2) (c), must declare to the accounting officer details of any reward, gift, favour, hospitality or other benefit promised, offered or granted to that person or to any close family member, partner or associate of that person;
 - (e) must declare to the accounting officer details of any private or business interest which that person, or any close family member, partner or associate, may have in any proposed procurement or disposal process of, or in any award of a contract by, the **municipality** (f) must immediately withdraw from participating in any manner whatsoever in a procurement or disposal process or in the award of a contract in which that person, or any close family member, partner or associate, has any private or business interest;
 - (g) must be scrupulous in his or her use of property belonging to **municipality**
 - (h) must assist the accounting officer in combating fraud, corruption, favoritism and unfair and irregular practices in the supply chain management system; and
 - (a) must report to the accounting officer any alleged irregular conduct in the supply chain management system which that person may become aware of, including –
 - (i) any alleged fraud, corruption, favoritism or unfair conduct;
 - (ii) any alleged contravention of paragraph 47(1) of this Policy; or
 - (iii) any alleged breach of this code of ethical standards.
- (3) Declarations in terms of subparagraphs (2)(d) and (e) -
- (a) must be recorded in a register which the accounting officer must keep for this purpose;
 - (b) by the accounting officer must be made to **[the mayor of the municipality]** who must ensure that such declarations are recorded in the register.
- (4) The National Treasury's code of conduct must also be taken into account by supply chain management practitioners and other role players involved in supply chain management.
- (5) A breach of the code of ethics must be dealt with as follows -
- (a) in the case of an employee, in terms of the disciplinary procedures of the **municipality** envisaged in section 67(1)(h) of the Municipal Systems Act;
 - (b) in the case a role player who is not an employee, through other appropriate means in recognition of the severity of the breach.
 - (c) In all cases, financial misconduct must be dealt with in terms of

Inducements, rewards, gifts and favours to municipalities officials and other role players

48. (1) No person who is a provider or prospective provider of goods or services, or a recipient or prospective recipient of goods disposed or to be disposed of may either directly or through a representative or intermediary promise, offer or grant –
- (a) any inducement or reward to the **municipality** for or in connection with the award of a contract; or
 - (b) any reward, gift, favour or hospitality to –
 - (i) any official; or
 - (ii) any other role player involved in the implementation of this Policy.
- (2) The accounting officer must promptly report any alleged contravention of subparagraph (1) to the National Treasury for considering whether the offending person, and any representative or intermediary through which such person is alleged to have acted, should be listed in the National Treasury's database of persons prohibited from doing business with the public sector.
- (3) Subparagraph (1) does not apply to gifts less than R350 in value.

Sponsorships

49. The accounting officer must promptly disclose to the National Treasury and the relevant provincial treasury any sponsorship promised, offered or granted, whether directly or through a representative or intermediary, by any person who is –
- (a) a provider or prospective provider of goods or services; or
 - (b) a recipient or prospective recipient of goods disposed or to be disposed.

Objections and complaints

50. Persons aggrieved by decisions or actions taken in the implementation of this supply chain management system, may lodge within 14 days of the decision or action, a written objection or complaint against the decision or action.

Resolution of disputes, objections, complaints and queries

51. (1) The accounting officer must appoint an independent and impartial person, not directly involved in the supply chain management processes –
- (a) To assist in the resolution of disputes between the **municipality** and other persons regarding -
 - (i) any decisions or actions taken in the implementation of the supply chain management system; or

- (ii) any matter arising from a contract awarded in the course of the supply chain management system; or
- (b) to deal with objections, complaints or queries regarding any such decisions or actions or any matters arising from such contract.

Note:

A parent municipality and a municipal entity under its sole or shared control may for purposes of subparagraph (1) appoint the same person.

- (2) The accounting officer, or another official designated by the accounting officer, is responsible for assisting the appointed person to perform his or her functions effectively.
- (3) The person appointed must –
 - (a) Strive to resolve promptly all disputes, objections, complaints or queries received; and
 - (b) Submit monthly reports to the accounting officer on all disputes, objections, complaints or queries received, attended to or resolved.
- (4) A dispute, objection, complaint or query may be referred to the relevant provincial treasury if –
 - (a) The dispute, objection, complaint or query is not resolved within 60 days; or
 - (b) No response is forthcoming within 60 days.
- (5) If the provincial treasury does not or cannot resolve the matter, the dispute, objection, complaint or query may be referred to the National Treasury for resolution.
- (6) This paragraph must not be read as affecting a person's rights to approach a court at any time.

Contracts providing for compensation based on turnover

- 52.** If a service provider acts on behalf of a **municipality** to provide any service or act as a collector of fees, service charges or taxes and the compensation payable to the service provider is fixed as an agreed percentage of turnover for the service or the amount collected, the contract between the service provider and the **municipality** must stipulate–
- (a) a cap on the compensation payable to the service provider; and
 - (b) that such compensation must be performance based.

53. Operationalization

- (a) To systemise the procurement process, the Municipal Manager shall pursue the development and approval of a standard operating procedure incorporating a generic SCM manual, standard bidding documents, forms and standard evaluation documents.
- (b) The SCM policy will be brought into operation through:
 - Procurement Directives which shall be issued by the SCM Unit from time to time,
 - Procurement delegations issued in terms of section 82 of MFMA; and
 - SCM procedures
- (c) The Operationalization shall be managed by the SCM Unit on a day-to-day basis.

54. Contract management

1. Contracts will be managed and their performance in accordance with the signed Service level Agreement and or contract document as outlined in contract management legislations and regulations.
2. They will be managed by heads of Departments of which the services or goods are procured for that department.
3. Contracts will be monitored by way of reports from the service provider or meetings held between the service provider and the user departments. Minutes should be kept if monitored through meetings.
4. A report on skills transfer should be submitted to the municipality where applicable, and certified by the employee who received the skill for authenticity.

Commencement

- 55.** This Policy takes effect on the date of the council resolution approving it.